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Sykt Faiza Sdn Bhd & Anor v Faiz Rice Sdn Bhd & Anor and another suit

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HIGH COURT (KUALA LUMPUR) — CIVIL SUIT NOS WA-22IP-9–03 OF 2016 AND WA-22IP-13–03 OF 2016
WONG KIAN KHEONG JC
24 OCTOBER 2017

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Copyright — Infringement — Allegation of infringement of registered trademarks in rice packagings — Whether there was commission of tort of passing off and unlawful interference — Whether there was false trade description as result of infringing acts — Whether applicant owned copyright in rice packagings — Whether applicant rightful proprietors of marks — Whether registered trademarks could be expunged — Whether injunction ought to be granted to restrain interfering trade in connection with marks and rice packagings — Copyright Act 1987

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The first plaintiff was in the business of manufacturing, distributing and retail of rice under various brand name. The second plaintiff was the managing director of the first plaintiff. The first defendant had recently commenced business the same as the first plaintiff. The second defendant was the managing director of the first defendant. The second plaintiff started the first plaintiff in 1968. According to the second plaintiff, the entire paid-up capital of the first plaintiff was contributed solely by the second plaintiff but she allowed shares in the first plaintiff to be allotted to her husband and her son, the second defendant. The second plaintiff, her husband and the second defendant were the first directors of the first plaintiff. The second plaintiff went to work at the first plaintiff's office every day and the second plaintiff managed the first plaintiff's business and signed all its cheques. The second plaintiff had the power to appoint or remove the first plaintiff's senior management. There were two suits initiated by the plaintiffs against the defendants. And these two suits were heard together. In the first suit, the plaintiffs submitted that the defendants: (a) infringed the plaintiffs' registered trademarks; (b) infringed the first plaintiff's copyright in the first plaintiff's rice packagings; (c) committed the tort of passing off in respect of the plaintiffs' goods, trade and business; (d) committed the tort of unlawful interference with the plaintiff's trade; and (e) committed the act of false trade description as a result of their infringing acts. In the second suit, the plaintiffs submitted that the defendants: (i) infringed the Faiza logo TM; (ii) unlawfully interfered with the plaintiff's trade by infringing Faiza logo TM; and (iii) the defendants have committed the act of false trade description regarding Faiza logo TM as a result of their infringing acts. The defendants counterclaimed against the plaintiffs for, inter alia: (1) declaration that the second defendant owned the copyright in the first

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defendant's rice packagings and the first plaintiff's rice packagings; (2) a declaration that the defendants were the rightful proprietors of the first defendant's marks and were entitled to file the defendants' trademark applications; (3) an order to rectify the register by expunging the plaintiffs' registered trademarks; (4) a declaration that the defendants have not applied any false trade description on the first defendant's goods; (5) a declaration that the second defendant was the beneficial owned of 30% shares in the first plaintiff and a consequential order that such shares be transferred to the second defendant; (6) an order for the second plaintiff to return RM1,140,000 given by the second defendant to her as part payment for her acquisition of shares in the first plaintiff which belonged to Padiberas Nasional Bhd ('BERNAS'); (7) an injunction to restrain the plaintiffs from interfering with the first defendant's trade in connection with the first defendant's marks and the first defendant's rice packagings; and (8) an injunction to restrain the plaintiffs from infringing the second defendant's copyright in the first plaintiff's rice packagings. This case concerned six registered trademarks, namely Taj Mahal trademark, Moghul Faiza Basmathi trademark, Faiza trademark, Faiza Rice for Life trademark, Faiza Emas trademark and Faiza logo trademark.

Held, allowing plaintiff's application:

(1) The first plaintiff was an honest witness while the second defendant's credibility was however lacking. The first plaintiff had created the Faiza logo and was therefore the owner of copyright of the Faiza logo under s 26(1) of the Copyright Act 1987 ('the CA'). It makes sense for the first plaintiff to create the Faiza logo because the Faiza logo was based on the name of its founder, the second plaintiff. The second defendant did not object to the plaintiff's use of Faiza logo at any time. If the second defendant had created the Faiza logo, when the second plaintiff warned the second defendant not to copy Faiza's brand and should create his own trade name and logo, he should have replied that he had created Faiza logo on his own (see para 56).

(2) The first defendant's 'Beras Mughal Faiz Basmathi' packaging has infringed the first plaintiff's copyright in 'Beras Moghul Faiza Basmathi' packaging under s 13(1)(a), (aa) and (e) of the CA. A visual comparison showed striking objective similarities and therefore, there was a rebuttable presumption that 'Beras Mughal Faiza Basmathi' packaging had been copied by the first defendant from 'Beras Moghul Faiza Basmathi' packaging. This rebuttable presumption could not be rebutted by the defendants (see para 62).

(3) As the first defendant's rice packagings have infringed copyrights, neither the first defendant nor the second defendant could have copyright ownership in the first defendant's rice packagings. This was because the first defendant had not expended sufficient efforts to make the first

A defendant's rice packagings original in character, as required by s 7(3)(a) of the CA. As such, the defendants could not counterclaim that the first plaintiff's rice packagings have infringed the first defendant's copyright in the first defendant's rice packagings (see para 66).

B (4) The second defendant was personally liable for the first defendant's copyright infringement because the court pierced the first defendant's corporate veil to reveal that the second defendant was the controller, alter ego and 'directing mind and will' of the first defendant. The first defendant's copyright infringement was 'caused' by the second defendant C because only the second defendant had the authority, express or positive mandate over the first defendant and he had ordered and/or directed the first defendant to commit the first defendant's copyright infringement (see paras 68–69).

D (5) There was no ground to expunge any of the plaintiff's registered trademarks on the ground of likelihood of confusion/deception because the first defendant started to use the first defendant's marks on its rice products on November 2015, long after the registration of the plaintiff's registered trademarks. Accordingly, at the time of the registration of the E plaintiff's registered trademarks, there was no likelihood of confusion/deception between the use of the plaintiff's registered trademarks and the first defendant's marks. In other words, at the time of the registration, the plaintiff's registered trademarks had not been registered 'without sufficient cause' within the meaning of s 45(1)(a) of F the TMA (see para 89).

(6) It was clear that the first defendant was neither the registered proprietor nor the registered user of the plaintiff's registered trademarks and had used the first defendant's marks in the course of trade. The first defendant G had used the first defendant's marks in relation to rice products within the scope of the registration of the plaintiff's registered trademarks and had used the first defendant's marks in such a manner as to render the use likely to be taken either as being used as a trademark or as importing a reference to the first plaintiff or the first plaintiff's rice products (see H para 97).

(7) A perpetual mandatory injunction was granted under s 53 of the Specific Relief Act 1950 to compel defendants to withdraw defendants' trademark applications from the registrar. The first defendant has I committed the tort of passing off its business and rice products as those of first plaintiff. The defendants have committed the tort of unlawful interference with the first plaintiff's business. The second defendant was personally liable for the first defendant's copyright infringement, trademark infringement and tort of passing off (see paras 118 & 121).

[Bahasa Malaysia summary

Plaintif pertama adalah dalam perniagaan pembuatan, pengedaran dan peruncitan beras di bawah pelbagai jenama. Plaintif kedua ialah pengarah urusan plaintif pertama. Defendan pertama baru-baru ini memulakan perniagaan sama seperti plaintif pertama. Defendan kedua ialah pengarah urusan defendan pertama. Plaintif kedua memulakan plaintif pertama pada tahun 1968. Menurut plaintif kedua, keseluruhan modal berbayar plaintif pertama disumbangkan semata-mata oleh plaintif kedua tetapi dia membenarkan saham dalam plaintif pertama diperuntukkan kepada suami dan anaknya, defendan kedua. Plaintif kedua, suaminya dan defendan kedua adalah pengarah pertama plaintif pertama. Plaintif kedua bekerja di pejabat plaintif pertama setiap hari dan plaintif kedua menguruskan perniagaan plaintif pertama dan menandatangani semua ceknya. Plaintif kedua mempunyai kuasa melantik atau menyingkirkan pengurusan kanan plaintif pertama. Terdapat dua saman yang dimulakan oleh plaintif terhadap defendan dan kedua-dua saman ini telah didengar bersama. Dalam guaman pertama, plaintif mengemukakan bahawa defendan (a) melanggar cap dagangan berdaftar plaintif; (b) melanggar hak cipta plaintif pertama dalam pembungkusan beras plaintif; (c) melakukan tort kelirupaan berkenaan dengan barangan, perdagangan dan perniagaan plaintif; (d) melakukan tort gangguan tidak sah terhadap perdagangan plaintif; dan (e) melakukan perihal dagangan palsu akibat perbuatan pelanggarannya. Dalam guaman kedua, plaintif mengemukakan bahawa defendan: (i) melanggar logo Faiza TM; (ii) menyalahi undang-undang dengan campur tangan dalam cap dagangan plaintif dengan melanggar logo Faiza TM; dan (iii) defendan telah melakukan perbuatan perihal dagangan palsu terhadap logo Faiza TM akibat perbuatan melanggar hak mereka. Defendan-defendan menuntut balas terhadap plaintif untuk, antara lain: (1) deklarasi bahawa defendan kedua memiliki hak cipta dalam pembungkusan beras defendan pertama dan pembungkusan beras plaintif pertama; (2) deklarasi bahawa defendan adalah pemilik cap defendan pertama dan berhak memfailkan permohonan cap dagangan defendan; (3) suatu perintah untuk membetulkan daftar dengan memansuhkan cap dagangan berdaftar plaintif; (4) deklarasi bahawa defendan tidak memohon apa-apa perihal dagangan palsu terhadap barangan defendan pertama; (5) deklarasi bahawa defendan kedua adalah pemilik benefisial 30% saham dalam plaintif pertama dan perintah berbangkit agar saham tersebut dipindahkan kepada defendan kedua; (7) suatu perintah bagi plaintif kedua mengembalikan RM1,140,000 yang diberikan oleh defendan kedua kepadanya sebagai sebahagian pembayaran untuk pemerolehan sahamnya dalam plaintif pertama yang dipunyai oleh Padiberas Nasional Bhd ('BERNAS'); (8) injunksi untuk menghalang plaintif daripada mengganggu perdagangan defendan pertama berkaitan dengan cap dagangan defendan pertama dan pembungkusan beras defendan pertama; dan (9) injunksi untuk menghalang plaintif daripada melanggar hak cipta kedua defendan dalam

A pembungkusan beras plaintif pertama. Kes ini melibatkan enam cap dagangan berdaftar, iaitu cap dagangan Taj Mahal, cap dagangan Moghul Faiza Basmathi, cap dagangan Faiza, cap dagangan Faiza Rice for Life, cap dagangan Faiza Emas dan cap dagangan logo Faiza.

B **Diputuskan**, membenarkan permohonan plaintif:

(1) Plaintif pertama adalah seorang saksi yang jujur manakala kredibiliti kedua defendan tiada. Plaintif pertama telah mencipta logo Faiza dan oleh itu, merupakan pemilik hak cipta logo Faiza di bawah s 26(1) Akta C Hakcipta 1987 ('Akta'). Adalah wajar untuk plaintif pertama membuat logo Faiza kerana logo Faiza adalah nama pengasasnya, plaintif kedua. Defendan kedua tidak membantah penggunaan plaintif logo Faiza pada bila-bila masa. Jika defendan kedua telah membuat logo Faiza, apabila plaintif kedua memberi amaran kepada defendan kedua untuk tidak D meniru jenama Faiza dan harus mencipta nama dan logo dagangnya sendiri, dia sepatutnya menjawab bahawa dia telah membuat logo Faiza sendiri (lihat perenggan 56).

(2) Pembungkusan defendan pertama iaitu 'Beras Mughal Faiz Basmathi' telah melanggar hak cipta plaintif pertama dalam pembungkusan 'Beras E Moghul Faiza Basmathi' di bawah s 13(1)(a), (aa) dan (e) Akta. Perbandingan visual menunjukkan kesamaan objektif nyata dan oleh itu, terdapat satu anggapan bahawa pembungkusan 'Beras Mughal Faiza Basmathi' telah ditiru oleh defendan pertama berdasarkan pembungkusan 'Beras Moghul Faiza Basmathi'. Anggapan yang F dipertikaikan ini tidak boleh dibantah oleh defendan (lihat perenggan 62).

(3) Oleh kerana bungkusan beras defendan pertama melanggar hak cipta, defendan pertama atau kedua tidak boleh memiliki hak milik hak cipta hak milik dalam pembungkusan beras defendan pertama. Ini kerana G defendan pertama tidak berusaha secukupnya untuk menjadikan pembungkusan beras defendan pertama dalam besifat asli, sebagaimana yang dikehendaki oleh s 7(3)(a) Akta. Oleh itu, defendan tidak boleh membuat tuntutan bahawa pembungkusan beras plaintif pertama telah melanggar hak cipta defendan pertama dalam pembungkusan beras H defendan pertama (lihat perenggan 66).

(4) Defendan kedua secara peribadi bertanggungjawab atas pelanggaran hak cipta defendan pertama kerana mahkamah menyingkap tabir korporat defendan pertama untuk mendedahkan bahawa defendan kedua adalah I orang yang mengawal, 'alter ego' dan 'directing mind and will' defendan pertama. Pelanggaran hak cipta defendan pertama 'disebabkan' oleh defendan kedua kerana hanya defendan kedua mempunyai kuasa, mandat nyata atau positif terhadap defendan pertama dan dia telah memerintahkan dan/atau mengarahkan defendan pertama melakukan

pelanggaran hak cipta defendan pertama (lihat perenggan 68–69).

(5) Tidak ada alasan untuk menghapuskan mana-mana cap dagangan berdaftar plaintif atas alasan kemungkinan kekeliruan/penipuan kerana defendan pertama mula menggunakan cap dagangan defendan pertama dahulu pada produk berasnya pada November 2015, lama selepas pendaftaran plaintif cap dagangan berdaftar. Sehubungan itu, pada masa pendaftaran cap dagangan berdaftar plaintif, tidak ada kemungkinan kekeliruan/penipuan antara penggunaan cap dagangan berdaftar plaintif dan cap dagangan defendan pertama. Dalam erti kata lain, pada masa pendaftaran, cap dagangan berdaftar plaintif tidak didaftarkan 'tanpa sebab yang mencukupi' dalam pengertian s 45(1)(a) TMA (lihat perenggan 89).

(6) Adalah jelas bahawa defendan pertama bukan pemilik berdaftar atau pengguna berdaftar cap dagangan berdaftar plaintif dan telah menggunakan cap dagangan defendan pertama dalam menjalankan perdagangan. Defendan pertama telah menggunakan cap-cap dagangan defendan pertama bagi produk beras dalam skop pendaftaran cap dagangan berdaftar plaintif dan telah menggunakan cap dagangan defendan pertama dalam cara sedemikian untuk menjadikan penggunaan yang mungkin diambil sama seperti digunakan sebagai tanda dagangan atau sebagai mengimport rujukan kepada plaintif pertama atau produk berasaskan plaintif pertama (lihat perenggan 97).

(7) Suatu injunksi mandatori kekal diberikan di bawah 53 Akta Relif Spesifik 1950 untuk memaksa defendan menarik balik permohonan cap dagang defendan dari Pendaftar. Defendan pertama telah melakukan tort kelirupaan produk dan perniagaan beras seperti plaintif pertama. Defendan telah melakukan tort gangguan salah terhadap perniagaan plaintif pertama. Defendan kedua secara peribadi bertanggungjawab untuk pelanggaran hak cipta defendan pertama, pelanggaran cap dagangan dan tort kelirupaan (lihat perenggan 118 & 121).]

Notes

For cases on infringement in general, see 3(4) *Mallal's Digest* (5th Ed, 2018 Reissue) paras 8091–8144.

Cases referred to

(1) Namasiyiam (2) Rajindran (3) Goh Chin Peng, and (4) Ng Ah Kiat v PP [1987] 2 MLJ 336, SC (refd)

AG Spalding Brothers v AW Gamage Ltd [1914–15] All ER Rep 147, HL (folld)

Aktif Perunding Sdn Bhd v ZNVA & Associates Sdn Bhd [2018] 7 MLJ 692; [2017] 4 MLRH 447, HC (refd)

Auvi Trademark; Auvi Pte Ltd v Seah Siew Tee & Anor, Re [1992] 1 SLR 639, HC (refd)

Bata Ltd v Sim Ah Ba @ Sim Teng Khor & Ors (trading as Kheng Aik Trading) [2006] 6 MLJ 445; [2006] 3 CLJ 393, CA (refd)
Boh Plantations Sdn Bhd v Gui Nee Chuan & Ors [1975] 2 MLJ 213, FC (refd)
CDL Hotels International Ltd v Pontiac Marina Pte Ltd [1998] 2 SLR 550, CA (refd)
Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd [1996] MLJU 575; [1996] 2 BLJ 519, HC (refd)
Danaharta Urus Sdn Bhd v Kekatong Sdn Bhd (Bar Council Malaysia, Intervener) [2004] 2 MLJ 257, FC (refd)
Danone Biscuits Manufacturing (M) Sdn Bhd (formerly known as Britania Brands (M) Sdn Bhd) v Hwa Tai Industries Bhd [2010] 8 MLJ 500, HC (refd)
Designers Guild Ltd v Russell Williams (Textiles) Ltd [2001] 1 All ER 700, HL (folld)
Dura-Mine Sdn Bhd v Elster Metering Ltd & Anor [2015] 3 MLJ 1; [2015] 1 CLJ 887, FC (refd)
Elster Metering Limited & Anor v Damini Corporation Sdn Bhd & Anor [2012] MLJU 1753; [2012] 1 LNS 959, CA (refd)
Erven Warnink BV and others v J Townend & Sons (Hull) Ltd and others [1979] AC 731, HL (refd)
Francis Day & Hunter Ltd & Anor v Bron & Anor [1963] Ch 587, CA (refd)
General Electric Co v The General Electric Co Ltd [1972] 2 All ER 507, HL (refd)
Giga Engineering & Construction Sdn Bhd v Yip Chee Seng & Sons Sdn Bhd & Anor [2015] 6 MLJ 449; [2015] 9 CLJ 537, FC (refd)
Gurbachan Singh s/o Bagawan Singh & Ors v Vellasamy s/o Pennusamy & Ors [2015] 1 MLJ 773, FC (refd)
Guthrie Sdn Bhd v Trans-Malaysian Leasing Corp Bhd [1991] 1 MLJ 33, SC (refd)
H & R Johnson (Malaysia) Bhd v H & R Johnson Tiles Ltd & Anor [1995] MLJU 54; [1995] 2 AMR 1390, HC (refd)
Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor (Registrar of Trade Marks, intervener) [2015] 4 MLJ 166; [2015] 4 CLJ 20, FC (refd)
Hock Hua Bank (Sabah) Bhd v Lam Tat Ming & Ors [1995] 4 MLJ 328, HC (refd)
Jamaluddin bin Mohd Radzi & Ors v Sivakumar a/l Varatharaju Naidu (claimed as Yang Dipertua Dewan Negeri Perak Darul Ridzuan), Election Commission, intervener [2009] 4 MLJ 593, FC (refd)
Jellinek's Application, Re (1946) 63 RPC 59, HC (refd)
Juahir bin Sadikon v Perbadanan Kemajuan Ekonomi Negeri Johor [1996] 3 MLJ 627, CA (refd)
K Ratnasingam v Kow Ah Dek & Anor [1983] 2 MLJ 297, PC
Karo Step Trade Mark, Re [1977] RPC 255, HC (refd)
Kosma Palm Oil Mill Sdn Bhd & Ors v Koperasi Serbausaha Makmur Bhd [2004] 1 MLJ 257; [2003] 4 CLJ 1, FC (refd)

Lego Systems A/S v Lego M Lemelstrich [1983] FSR 155, HC (refd)
Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd [2009] 5 MLJ 703; [2012] 10 CLJ 507, HC (refd)
Lever v Goodwin (1887) 4 RPC 492, CA (folld)
Lim Eng Kay v Jaafar bin Mohamed Said [1982] 2 MLJ 156; [1982] CLJ Rep 190, FC (refd)
MI & M Corporation & Anor v A Mohamed Ibrahim [1964] 1 MLJ 392, FC (folld)
McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation [2009] 3 MLJ 774, CA (refd)
Megnaway Enterprise Sdn Bhd v Soon Lian Hock (sole proprietor of the firm Performance Audio & Car Accessories Enterprise) [2009] 3 MLJ 525, HC (refd)
Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party) [2015] 6 MLJ 465, FC (refd)
Motordata Research Consortium Sdn Bhd v Ahmad Shahril bin Abdullah & Ors [2017] MLJU 1187, HC (refd)
Mun Loong Co Sdn Bhd v Chai Tuck Kin [1982] 1 MLJ 356, HC (refd)
Munusamy v PP [1987] 1 MLJ 492, SC (refd)
Natseven TV Sdn Bhd v Television New Zealand Limited [2001] MLJU 511; [2001] 4 AMR 4648, HC (refd)
Noah v Shuba and Another [1991] FSR 14, HC (distd)
Ooi Siew Bee & Ors v Zhu Ge Kong Ming Sdn Bhd & Anor [2016] MLJU 1288; [2017] 2 AMR 161, HC (refd)
Pentadbir Tanah Daerah, Pontian & Ors v Ossons Ventures Sdn Bhd [2009] 6 MLJ 182; [2009] 6 CLJ 713, CA (refd)
Philip Morris Brands Sarl v Goodness for Import and Export & Ors [2018] 7 MLJ 350; [2017] 5 AMR 157, HC (refd)
Pianotist Co's Application, Re (1906) 23 RPC 774, HC (refd)
Plastech Industrial Systems Sdn Bhd v N & C Resources Sdn Bhd & Ors [2012] 5 MLJ 258, HC (refd)
Portcullis Trustnet (Singapore) Pte Ltd v George Pathmanathan a/l Michael Gandhi Nathan & Ors [2017] MLJU 223, HC (refd)
Reckitt & Colman Products Ltd v Borden Inc and others [1990] 1 All ER 873, HL (refd)
Rookes v Barnard [1964] 1 All ER 367, HL (refd)
Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd [1994] 2 MLJ 770; [1994] 3 CLJ 7, SC (folld)
Sinar Wang Sdn Bhd v Ng Kee Seng [2005] 2 MLJ 42, CA (refd)
Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors [2004] 4 MLJ 358; [2004] 3 CLJ 815, CA (refd)
Solavoid Trade Mark [1977] RPC 1, PC (refd)
Solid Investments Ltd v Alcatel-Lucent (M) Sdn Bhd (previously known as Alcatel

A *Network Systems (M) Sdn Bhd)* [2014] 3 MLJ 785 at p 803; [2014] 3 CLJ 73, FC (refd)
Stephenson Jordan & Harrison Ltd v MacDonald & Evans (1952) 69 RPC 10, CA (distd)
Subramaniam v PP [1956] 1 MLJ 220, PC (refd)
B *Tan Kim Hock Product Centre Sdn Bhd & Anor v Tan Kim Hock Tong Seng Food Industry Sdn Bhd* [2017] 1 MLJ 730, CA (folld)
Tan Tek Seng @ Tan Chee Meng v Suruhanjaya Perkhidmatan Pendidikan & Anor [1996] 1 MLJ 261; [1996] 2 CLJ 771, CA (refd)
C *Tang Meng Hock v Tang Ming Seng* [2010] 1 MLJ 33; [2010] 1 AMR 540, CA (refd)
Tenaga Nasional Bhd v Api-Api Aquaculture Sdn Bhd [2015] MLJU 2359; [2015] 3 AMR 811, HC (refd)
Thavanathan a/l Balasubramaniam v PP [1997] 2 MLJ 401, SC (refd)
D *The Commissioners of Inland Revenue v Muller & Co's Margarine Ltd* [1901] AC 217, HL (refd)
The Scotch Whisky Association & Anor v Ewein Winery (M) Sdn Bhd [2012] 1 MLJ 585, HC (refd)
Tindok Besar Estate Sdn Bhd v Tinjar Co [1979] 2 MLJ 229, FC (refd)
E *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63; [1992] 1 CLJ Rep 344, SC (refd)
Virtual Map (Singapore) Pte Ltd v Singapore Land Authority and another application [2009] 2 SLR 558, CA (refd)
Wong Kim Fatt v Leong & Co Sdn Bhd & Anor [1976] 1 MLJ 140, HC (refd)
Yapp Pow Khin & Anor v Hjh Jamilah bt Udin [2012] 2 MLJ 234, CA (refd)
F *Yeong Ah Chee v Lee Chong Hai & Anor and other appeals* [1994] 2 MLJ 614; [1994] 3 CLJ 20, SC (refd)
Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-layang) v Sykt Zamani Hj Tamin Sdn Bhd & Anor [2012] 1 MLJ 585, CA (refd)
G *Zulkiflee bin SM Anwar Ulhaque & Anor v Arikrishna Apparau & Ors* [2014] 3 MLJ 553, CA (refd)

Legislation referred to

Civil Law Act 1956 ss 3, 3(1)
H Copyright, Designs and Patents Act 1988 [UK] s 1(1)(c)
Copyright Act 1987 ss 3, 3(a), (b), (c), 6, 7(1)(a), (1)(c), (3)(a), (3)(b), 9(1), (1)(a), (1)(b), (2), (3), 10(1), (2), (2)(a), (3), 13(1)(a), (1)(aa), (1)(e), 26, 26(1), (2), (2)(b), 26A, 26A(1), 26B, 26B(4), (5), 26C, 26C(2), 27(3), 36(1), 37(1), (1)(a), (1)(d), (1)(e), (7), (8), 42(1)
Commissioner for Oaths Rules 1993 Schedule, Form 7
I Contracts Act 1950 s 26(a)
Courts of Judicature Act 1964 s 73
Evidence Act 1950 ss 3, 5, 7, 45(1), 101(1), (2), 103, 114(g), 132
Financial Services Act 2013 ss 133(1), (4), 134(1), Schedule 11
Penal Code ss 109, 193, 199, 200

Registration of Businesses Act 1956
Rice (Grade and Price Control) Order 1992
Rules of Court 2012 O 18 r 7(1), O 37 r 1(1), O 56 r 1(1)
Rules of Court of Appeal 1994 r 13
Specific Relief Act 1950 ss 11(1)(c), 18(1), (2), 51(2), 52, 52(1), (3)(e), 53
Statutory Declarations Act 1960 s 3
Trade Descriptions Act 2011 ss 8, 9, 9(1), (2)
Trade Marks Act 1938 [UK] ss 11, 32(1)
Trade Marks Act 1976 ss 11, 14, 14(1), (1)(a), (1)(b), 25(1), 36, 37, 37(a), (b), (c), 38(1)(a), 40, 40(1)(a), (1)(b), (1)(c), (1)(d), (1)(e), (1)(f), (2), 45, 45(1)(a)

Kuek Pei Yee (Sri Richgopinath a/l Salvam and Alyshea Low Khye Lyn with him) (Skrine) for the plaintiffs.
Michael Soo Chow Ming (Wendy Lee Wan Chieh, Loo Wai Hoong and Su Min Yuen with him) (Shook Lin & Bok) for the defendants.

Wong Kian Kheong JC:

A. INTRODUCTION

[1] This judgment concerns a dispute between, among others, a mother and her son. The second plaintiff ('the second plaintiff') is the mother and the second defendant ('the second defendant') is her son.

[2] The first plaintiff company ('the first plaintiff') is in the business of manufacture, distribution and retail of rice under various brand names. The second plaintiff is the managing director ('MD') of the first plaintiff.

[3] The second defendant is the MD of the first defendant company (first defendant). The first defendant has recently commenced business of manufacture, distribution and retail of rice under various brand names.

[4] The following issues, among others, arise in this case:

(1) whether copyright subsists in a 'typographical arrangement' under the Copyright Act 1987 ('the CA');

(2) whether copyright in a work created by an employee in the course of employment is subject to a contract between the employee and a person who is not the employer under s 26(2)(b) of the CA;

(3) if a person ('notifier') has notified the Controller of Copyright ('controller') of the notifier's ownership of copyright in a work ('copyright notification') and if the controller has certified as true extracts from the

A Register of Copyright ('copyright register') regarding the notifier's copyright ownership ('controller's certification'):

(a) does copyright notification confer copyright ownership on the notifier under s 26A of the CA?

B (b) is controller's certification prima facie evidence of notifier's copyright ownership under s 26B(5) of the CA? and

(c) if the court subsequently decides that the notifier has no copyright ownership, can the court grant a perpetual mandatory injunction under s 37(1)(a) and (1)(e) of the CA read with s 53 of the Specific Relief Act 1950 ('the SRA') to compel a withdrawal of the copyright notification?

C

(4) what is the test to decide copyright infringement under the first limb of s 36(1) of the CA for a work which is alleged to have copied an original work with modifications ('altered copying' case)?

D

(5) whether a party can apply to the court under s 45(1)(a) of the Trade Marks Act 1976 ('the TMA') to expunge a registered trademark from the Register of Trade marks ('the register') on the ground that the registered trademark has infringed the applicant's copyright;

E

(6) can the defendants rely on equitable estoppel as a defence against a trademark infringement suit under s 38(1)(a) of the TMA?

F (7) if the court finds a party's use of a mark on goods has infringed a registered trademark, can the court grant, among others, a perpetual mandatory injunction to compel the withdrawal of that party's application to the Registrar of Trade marks ('registrar') to register the mark?

G (8) whether the court may grant a perpetual *quia timet* injunction under s 52(3(e) of the SRA to restrain the use of a domain name which is the subject matter of a tort of passing off and a tort of unlawful interference with trade;

H (9) if a company's name constitutes the subject matter of a tort of passing off and a tort of unlawful interference with business, whether the court can grant, among others, a mandatory injunction to compel the company to change its name;

I (10) when the court finds that the use of a mark infringes a registered trademark and can pass off as the registered trademark, whether the owner of the registered trademark can apply for an order under s 9(1) of the Trade Descriptions Act 2011 ('the TDA') to declare that the mark is a 'false trade description'; and

(11) after a trial, when the learned judge or judicial commissioner ('JC') finds a party liable for copyright infringement, trademark infringement, tort of passing off and tort of unlawful interference with trade, should the learned judge or JC assess damages instead of the learned Registrar of the High Court ('court registrar')?

[5] This case concerns the following subject matter:

(1) six registered trademarks ('the plaintiffs' registered trademarks') for Class 30 (rice) as follows:

(a) 'TAJ MAHAL' trademark (TM No 99012707) registered in the second plaintiff's name (Taj Mahal TM);

(b) 'MOGHUL FAIZA BASMATHI' trademark (TM No 02000085) registered in the first plaintiff's name (Moghul TM);

(c) 'FAIZA' trademark (TM No 2010009744) registered in the first plaintiff's name (Faiza TM);

(d) 'FAIZA RICE FOR LIFE' trademark (TM No 2013014998) registered in the second plaintiff's name (Faiza Rice For Life TM);

(e) 'FAIZA EMAS' trademark (TM No 2013015001) registered in the second plaintiff's name (Faiza Emas TM); and

(f) 'FAIZA' logo trademark (TM No 2015007357) registered in the first plaintiff's name (Faiza logo TM);

(2) the first defendant has used and is still using, among others, the following marks (first defendant's marks):

(a) 'FAIZ' mark ('Faiz mark');

(b) 'FAIZ EMAS' mark ('Faiz Emas mark');

(c) 'MUGHAL' mark ('Mughal mark');

(d) 'FAIZ' logo mark ('Faiz logo mark'); and

(e) 'FAIZ RICE FOR HEALTH' mark ('Faiz Rice For Health mark');

(3) the plaintiffs operate a website with the domain name www.faizarice.com (Faiza domain name);

(4) the following applications, among others, have been made by the defendants to the registrar to register the following marks ('defendants' trademark applications'):

(a) the first defendant's applications to register Mughal mark, Faiz Rice For Health mark, faizrice.com and faizrice.com.my (Faiz domain names); and

(b) the second defendant's applications to register Faiz logo mark. The defendants' trademark applications are still pending before the registrar;

(5) the first plaintiff has claimed copyright in the following packagings of its rice products ('first plaintiff's rice packagings'):

(a) 'BERAS FAIZA EMAS';

(b) 'BERAS KASHMIR FAIZA BASMATHI';

(c) 'BERAS TAJ MAHAL, BERAS HERBA FAIZA'; and

(d) 'BERAS MOGHUL FAIZA BASMATHI'; and

(6) the second defendant has claimed copyright in first plaintiff's rice packagings. Additionally, the second defendant has claimed copyright in the first defendant's rice packagings ('first defendant's rice packagings') as follows:

(a) 'BERAS FAIZ EMAS';

(b) 'BERAS HIMALAYA FAIZ BASMATHI';

(c) 'D FAIZ HERBA RICE'; and

(d) 'BERAS MUGHAL FAIZ BASMATHI'.

B. LEGAL PROCEEDINGS

[6] In Civil Suit No WA-22IP-9–03 of 2016 ('the first suit'), the plaintiffs claimed, among others, as follows:

(1) the defendants have infringed the plaintiffs' registered trademarks;

(2) the defendants have infringed the first plaintiff's copyright in first plaintiff's rice packagings;

(3) the defendants have committed the tort of passing off in respect of the plaintiffs' goods, trade and business;

(4) the defendants have committed the tort of unlawful interference with the plaintiffs' trade; and

(5) the defendants have committed the act of false trade description as a result of their infringing acts.

[7] In Civil Suit No WA-22IP-13–03 of 2016 ('the second suit'), the plaintiffs alleged as follows, among others:

(1) the defendants have infringed Faiza logo TM;

(2) the defendants have unlawfully interfered with the plaintiffs' trade by infringing Faiza logo TM; and

(3) the defendants have committed the act of false trade description regarding Faiza logo TM as a result of their infringing acts.

[8] All the parties agreed for the first and second suits (two suits) to be consolidated. In the two suits, the defendants counterclaimed against the plaintiffs (counterclaim) for, among others, as follows:

(1) a declaration that the second defendant owns copyright in first defendant's rice packagings and first plaintiff's rice packagings;

(2) a declaration that the defendants are the rightful proprietors of first defendant's marks and are entitled to file defendants' trademark applications;

(3) an order to rectify the register by expunging the plaintiffs' registered trademarks;

(4) a declaration that the defendants have not applied any false trade description on the first defendant's goods;

(5) a declaration that the second defendant is the beneficial owner of 30% shares in the first plaintiff and a consequential order that such shares be transferred to the second defendant ('second defendant's shares claim');

(6) an order for second plaintiff to return RM1,140,000 given by the second defendant to her (second defendant's monetary claim) as part payment for her acquisition of shares in the first plaintiff which belonged to Padiberas Nasional Bhd ('BERNAS');

(7) an injunction to restrain plaintiffs from unlawfully interfering with the first defendant's trade in connection with first defendant's marks and first defendant's rice packagings; and

(8) an injunction to restrain plaintiffs from infringing the second defendant's copyright in first plaintiff's rice packagings.

C. THE PLAINTIFFS' CASE

[9] The following witnesses testified to support the plaintiffs' claims in the two suits ('the plaintiffs' claims') and to resist the counterclaim:

(1) the second plaintiff;

(2) Mr Lee Lian Chen ('Mr Lee');

(3) Puan Siti Mutiah bt Esa ('Puan Siti');

(4) Encik Ahmad bin Sayuti ('Encik Ahmad');

(5) Dr Salwa bt Abu Bakar ('Dr Salwa');

(6) Puan Farhana bt Abu Safiah ('Puan Farhana');

(7) YM Raja Roudzah bt Raja Ali ('Raja Roudzah');

(8) Puan Razaujah bt Omar ('Puan Razaujah');

(9) Encik Md Farid bin Abdul Rahman ('Encik Farid'); and

(10) Puan Jadwa bt Abu Bakar ('Puan Jadwa').

[10] The second plaintiff gave the following evidence, among others:

(1) in 1968 the second plaintiff started 'Sykt Faiza' as a sole proprietorship in Mersing, Johore. In the beginning, Sykt Faiza traded in curry spices and accepted tailoring work. After saving enough money, the second plaintiff together with her husband bought a piece of land to reside in Batu Pahat ('BP'). The second plaintiff also bought a shop at BP to run the first plaintiff's business;

(2) on 21 February 1980, Sykt Faiza was registered as a business under the Registration of Businesses Act 1956 ('the RBA') with the second plaintiff as its sole proprietor. According to the records under RBA, Sykt Faiza commenced business on 11 February 1980 as a wholesaler in rice and spices manufacturer;

(3) the second plaintiff's eldest son, Encik Roshdi bin Abu Bakar ('Encik Roshdi'), was made a partner of Sykt Faiza together with the second plaintiff with effect from 2 May 1990;

(4) the first plaintiff was incorporated on 19 August 1992 with the name of Kumpulan Sykt Faiza Sdn Bhd. The entire paid-up capital of first plaintiff was contributed solely by second plaintiff but she allowed shares in the first plaintiff to be allotted to her husband and second defendant. The second plaintiff, her husband and second defendant were the first directors of first plaintiff. According to second plaintiff, Encik Roshdi could not be given shares in first plaintiff and could not be appointed as its director because he was not well at that time;

(5) on 18 December 1992, first plaintiff changed its name to its present name;

(6) sometime in 1997, second plaintiff incorporated another company, Faiza Marketing Sdn Bhd ('Faiza Marketing') to manufacture and trade in spices. Henceforth, the first plaintiff traded in rice only; and

(7) the second plaintiff goes to work everyday in the first plaintiff's office. The second plaintiff manages the first plaintiff's business and signs all its cheques. The second plaintiff has the power to appoint or remove the first plaintiff's senior management. The second plaintiff goes to the first

plaintiff's warehouse to ensure the quality of the rice sold by the first plaintiff. The second plaintiff travels to India, Pakistan and Thailand to source for rice to be sold by the first plaintiff. The second plaintiff has gone to Japan and Belgium to obtain machines for the first plaintiff to manufacture the rice packages.

D. THE DEFENDANTS' CASE

[11] The following witnesses testified for the defendants:

(1) the second defendant;

(2) Encik Sheikh Ismail bin Sh Ahmad ('Encik Sheikh');

(3) Encik Zulkafli bin Zainal ('Encik Zulkafli');

(4) Encik Sahul Hamid bin Abdul;

(5) Encik Azhar bin Abdullah ('Encik Azhar');

(6) Datuk Mohd Ibrahim bin Mohd Nor ('Datuk Ibrahim');

(7) Encik Abdul Rasid bin Zakaria ('Encik Rasid');

(8) Encik Yusof bin Sawin ('Encik Yusof');

(9) Encik Shamsul Azhar bin Md Dom ('Encik Shamsul');

(10) Mr Karam Singh a/l Sohan Singh ('Mr Karam');

(11) Encik Ahmad Zaidi bin Tahir ('Encik Zaidi');

(12) Encik Fazaruddin bin Ibrahim ('Encik Fazaruddin'); and

(13) Encik Abdul Manap bin Shariff.

[12] The second defendant testified, among others, as follows:

(1) the second defendant suggested for the first plaintiff to be incorporated. The second defendant claimed to be one of the three co-founders, co-promoters, first directors and subscriber shareholders of the first plaintiff together with the second plaintiff and his father. The second defendant alleged that he ran and managed the first plaintiff's business;

(2) the second defendant initially held about 30% shares in first plaintiff. In 1997, the second defendant transferred all his shares in first plaintiff to second plaintiff based on an oral agreement between both of them that she would hold those shares in trust for him ('alleged oral trust'). The second defendant had not received any payment for his transfer of shares in first plaintiff to second plaintiff. The second defendant had asked

second plaintiff to return his shares in first plaintiff but she had refused to do so. The alleged oral trust is the basis for the second defendant's shares claim;

(3) the second defendant resigned as a director of first plaintiff in 1994 because 'Lembaga Pelesenan Kenderaan Perdagangan' (now 'Suruhanjaya Pengangkutan Awam Darat') did not allow any director of a company which held lorry permits to sit on more than one board of directors. The first plaintiff held a few lorry permits and the second defendant had set up Iman Cargo Freight Services Sdn Bhd ('ICFS') with Encik Sheikh. ICFS intended to apply for lorry permits. Hence, the second defendant's resignation as a director of first plaintiff in 1994. Despite the second defendant's resignation as the first plaintiff's director, he still managed the first plaintiff;

(4) sometime in 1996 the second defendant left the first plaintiff because he had a disagreement with his cousin, Encik Tarek Sayed Bawumi (who was then working in first plaintiff);

(5) after second defendant had left first plaintiff, the second plaintiff negotiated on behalf of first plaintiff for the first plaintiff to enter into a joint venture agreement with BERNAS ('JVA'). Pursuant to the JVA, BERNAS took over the first plaintiff's management and appointed its chief operating officer ('COO') and other senior officers. BERNAS managed the first plaintiff from 1996 to 31 December 1998;

(6) the second defendant re-joined the first plaintiff in January 1999 after the second plaintiff persuaded his wife to convince him to re-join and manage the first plaintiff. After re-joining the first plaintiff, the second defendant ran and managed the first plaintiff while the second plaintiff was only its advisor who did not participate in the first plaintiff's affairs;

(7) sometime in 2008, the second defendant gave RM1,140,000 to the second plaintiff as part payment for her acquisition of shares in first plaintiff. This forms the basis for the second defendant's monetary claim;

(8) the second defendant was the sole author and copyright owner of the works in the first plaintiff's rice packagings. The second defendant had alleged that sometime in 1999 or 2000, the second plaintiff had orally agreed with him that she would own all the trademarks in question while he would have copyright ownership of all the relevant works ('alleged oral agreement');

(9) the second defendant claimed to have created the plaintiffs' registered trademarks;

(10) sometime in August 2015, the second defendant together with Encik Irfan Ahmad Sheikh ('Encik Irfan') went to visit the second plaintiff who was then staying in Puan Jadwa's house in Putra Heights. During this

visit, the second defendant informed the second plaintiff that he would commence business under the first defendant's name and she gave her blessings to him. It is to be noted that Encik Irfan has not been called by the defendants to give evidence in this case; and

(11) the second defendant left the first plaintiff on 31 December 2014.

E. MATTERS WHICH HAD NOT BEEN PLEADED BY DEFENDANTS

[13] On 4 August 2016, during case management, the second defendant's shares and monetary claims had been withdrawn but the defendants had adduced evidence in this trial regarding such matters. Hence, Ms Kuek Pei Yee, the plaintiffs' learned lead counsel, raised the objection that the evidence adduced by the defendants regarding the second defendant's shares and monetary claims had not been pleaded by the defendants and should therefore be expunged from the court record.

[14] The second defendant's shares and monetary claims had been pleaded in the amended defence and counterclaim. This is not a case where the defendants had not pleaded anything about the second defendant's shares and monetary claims. The defendants however subsequently withdrew the second defendant's shares and monetary claims.

[15] The question that arises is whether the defendants could adduce evidence regarding the second defendant's shares and monetary claims. I am of the view that the defendants could do so because such evidence is relevant within the meaning of ss 5 and 7 of the Evidence Act 1950 ('the EA'). Sections 5 and 7 of the EA provide as follows:

> 5 *Evidence may be given of* facts in issue and *relevant facts*
>
> *Evidence may be given in any suit or proceeding of the existence or non-existence of* every fact in issue and of *such other facts as are hereinafter declared to be relevant, and of no others*.
>
> 7 *Facts which are the occasion, cause or effect of facts in issue*
>
> *Facts which are the occasion, cause or effect, immediate or otherwise, of relevant facts or facts in issue, or which constitute the state of things under which they happened or which afforded an opportunity of their occurrence or transaction, are relevant.* (Emphasis added.)

The evidence regarding the second defendant's shares and monetary claims is relevant under s 7 of the EA because such evidence:

(1) concerned the 'occasion, cause or effect, immediate or otherwise' of the alleged oral trust, alleged oral agreement and whether the second defendant was the first plaintiff's general manager ('GM') or not; and/or

(2) constituted 'the state of things' (regarding the alleged oral trust, alleged oral agreement and whether the second defendant was the first plaintiff's GM) under which they happened.

An example of the application of s 7 of the EA is the judgment of Chong Siew Fai CJ (Sabah and Sarawak) in the Supreme Court in *Thavanathan a/l Balasubramaniam v Public Prosecutor* [1997] 2 MLJ 401 at p 411. As evidence regarding the second defendant's shares and monetary claims is relevant under s 7 of the EA, such evidence is admissible in this case pursuant to s 5 of the EA.

[16] Since the defendants had elected to adduce evidence regarding the second defendant's shares and monetary claims, I will decide on the merits of such claims later in this judgment.

F. HEARSAY EVIDENCE

[17] The second de fendant had given evidence on many occasions regarding what he had heard from persons who had not been called by the plaintiffs and defendants to testify in this case. Hence, the objection by Ms Kuek regarding oral hearsay evidence tendered by the second defendant, Encik Sheikh, Encik Azhar, Encik Rasid, Encik Yusof, Encik Shamsul and Encik Fazaruddin.

[18] A party may tender evidence on what a witness has heard from a person (who is not a party and who has not been called to testify) in order to prove the fact that a statement has indeed been made to the witness — please see the Privy Council's decision on appeal from the Federation of Malaya in *Subramaniam v Public Prosecutor* [1956] 1 MLJ 220 at p 222 (delivered by LMD De Silva). Despite the admission of such evidence, I attach no weight to such evidence because:

(1) the defendants had elected not to call the persons who had informed the second defendant and defence witnesses (specified in the above para 17). No evidence had been adduced by the defendants on why these persons could not be subpoenaed to testify in this case; and

(2) the plaintiffs had no opportunity to cross-examine the persons who had not been called to give evidence so as to ascertain the truth of what had been informed to the second defendant and defence witnesses (specified in the above para 17):

— please see *Tenaga Nasional Bhd v Api-Api Aquaculture Sdn Bhd* [2015] MLJU 2359; [2015] 3 AMR 811 at paras 25–27, which has been affirmed by the Court of Appeal.

G. ADVERSE INFERENCE UNDER S 114(G) OF THE EA

[19] According to Mohd Azmi SCJ's judgment in the Supreme Court case of *Munusamy v Public Prosecutor* [1987] 1 MLJ 492 at p 494, an adverse inference may be drawn under s 114(g) of the EA against a party for suppressing material evidence. In *Guthrie Sdn Bhd v Trans-Malaysian Leasing Corp Bhd* [1991] 1 MLJ 33 at pp 34–35, Hashim Yeop Sani CJ (Malaya) in the Supreme Court affirmed the High Court's decision which drew an adverse inference under s 114(g) of the EA against a defendant. It is to be noted that the defendants have filed counterclaim in this case.

[20] I am of the view that the court should draw an adverse inference under s 114(g) of the EA against the defendants for suppressing the following material evidence in this case:

(1) according to second defendant, the works regarding the first plaintiff's rice packagings had been reduced to material form and were kept in a compact disc ('CD'). The second defendant alleged that the CD had been corrupted.

I am of the view that the contents of the CD would support the second defendant's claim of authorship and copyright ownership of the works in the first plaintiff's rice packagings. Hence, the CD constituted material evidence in this case. The defendants had not given any reason or explanation as to why the defendants could not have adduced the CD for the plaintiffs' inspection in this case. The defendants did not call a computer expert to testify pursuant to s 45(1) of the EA that the CD was indeed corrupted and consequently, no information could be retrieved from the CD. If the defendants had adduced the CD as evidence in this case, the plaintiffs could have engaged a computer forensics expert to confirm that the CD was corrupted and no data could be retrieved from the CD. Accordingly, I am constrained to find that the defendants had suppressed the CD in this case;

(2) Encik Zaidi testified that the designs for three of the first plaintiff's rice packagings (bearing Moghul TM, Taj Mahal TM and Faiza Emas TM) and Faiz Emas mark were contained in a hard disc ('HD'). The second defendant also gave evidence that the works regarding the first plaintiff's rice packagings were contained in the HD. The HD was kept by Encik Zaidi from 2001 until he discovered that the HD was corrupted around April, 2016. According to Encik Zaidi, the contents of the HD could not be read due to the corrupted state of the HD. Encik Zaidi confirmed that he had not given the HD to any person and he still kept the HD.

The HD clearly constitutes material evidence regarding the issue of authorship and copyright ownership of the work in the first plaintiff's rice packagings (bearing Moghul TM, Taj Mahal TM and Faiza Emas

TM) and the first defendant's rice packagings (in respect of Faiz Emas mark). Encik Zaidi still has possession of the HD. There is no reason why the defendants could not have produced the HD for the plaintiffs' inspection in this case. Nor did the defendants call a computer expert to testify that the HD was corrupted and no data could be retrieved from the HD. By reason of the defendants' suppression of the HD in this case, the plaintiffs could not engage a computer forensics expert to confirm that the HD was corrupted and no information could be retrieved from the HD. Accordingly, an adverse inference against the defendants is drawn based on their suppression of the HD as evidence in this case; and

(3) the first defendant was incorporated on 17 July 2013 with the name of Brother Merger Sdn Bhd ('BMSB'). The first defendant changed its name to its present name on 2 January 2014 because according to the second defendant, among others, the name 'Faiz' was part of the name of the first defendant's director and shareholder, Encik Muhammad Faiz bin Surip ('Encik Faiz').

The defendants did not call Encik Faiz to prove that the first defendant's change of name was not intended to ride on the goodwill of the first plaintiff (in respect of 'Faiza' trade name) and to justify the first defendant's use of Faiz mark, Faiz Emas mark, Faiz logo mark and all other marks bearing Faiz trade name on the first defendant's rice products. No explanation had been given by the defendants on why Encik Faiz could not be called by the defendants as a witness in this case, especially when Encik Faiz is still a director of the first defendant who owes onerous statutory and fiduciary duties to the first defendant. During cross-examination, the second defendant admitted that when he first knew Encik Faiz, Encik Faiz was only about '20 years plus'. There is no evidence regarding Encik Faiz's background and how he became the first defendant's director and shareholder. The defendants had also not adduced evidence that Encik Faiz had agreed to the first defendant's change of its corporate name to a name which is based on Encik Faiz's name. In view of the above evidence and reasons, an adverse inference must be made against the defendants for failing to call Encik Faiz to testify in this case.

I have not overlooked the second defendant's testimony that he had created Faiz mark based on an Arabic word, 'Faiz' (which means victory). I am not able to accept such evidence because if such evidence is true, there is no reason why the first defendant would appoint Encik Faiz as its director and then changed its corporate name.

[21] This court is not able to draw an adverse inference against the plaintiffs for failing to produce the second defendant's contract of employment with the first plaintiff ('second defendant's employment contract'). This is because the plaintiffs had given a reasonable explanation for their inability to adduce the

second defendant's employment contract, namely a fire had occurred at the first plaintiff's office in BP at about 7.32am, 29 January 2013 and this fire had destroyed the first plaintiff's records, including the second defendant's employment contract. The occurrence of this fire is proven by two police reports lodged on behalf of the first plaintiff on 29 January 2013 ('first police report') and 13 February 2013 ('second police report'). The first police report was lodged at 6.21pm on the very day of the occurrence of the fire. The second police report described the loss and damage suffered by the first plaintiff due to the fire. Accordingly, the first plaintiff did not suppress the second defendant's employment contract as evidence in this case. During cross-examination of Dr Salwa on 21 September 2016, in response to my question, learned lead counsel for the defendants, Mr Michael Soo Chow Ming, stated that the defendants did not challenge the fact that a fire had occurred as stated in the first and second police reports (notes of proceedings ('NOP') Vol 2, p 368).

[22] Even if it is assumed that an adverse inference is drawn against the plaintiffs for their failure to produce the second defendant's employment contract, such an inference can be rebutted by other evidence — please see the Supreme Court's judgment delivered by Syed Agil Barakbah SCJ in *(1) Namasiyiam (2) Rajindran (3) Goh Chin Peng, and (4) Ng Ah Kiat v Public Prosecutor* [1987] 2 MLJ 336 at p 343. As explained in para 41 below, I find that there is overwhelming evidence, especially contemporaneous documentary evidence, to prove that the second defendant was the first plaintiff's GM, which will rebut any adverse inference arising from the plaintiffs' failure to adduce the second defendant's employment contract.

H. CREDIBILITY OF WITNESSES

[23] I find as a fact that second plaintiff is a credible witness. This finding is premised on the following evidence and reasons:

(1) the second plaintiff's testimony is supported by a WhatsApp message (exh P1) sent from her mobile phone (No 012–7870401) to the second defendant's mobile phone (No 019–7737737) at 9.20pm, 13 September 2015. Exhibit P1 stated as follows:

> Assalamualaikum *fikri mama nak cajap siket. Saya taho awaj sekarang berniaga beras. Tapi jangan tiro janama faiza. Awak kan pandai … buatlah nama dan logo awak sendiri yang lain. Macam nikan tak baik. Adakah patut perbuatan awak itu? Mama memang tak rela dan tak reda perbuatan awak tu. Dan jangan kata mama tak ingatkan awak*. (Emphasis added.)

The second defendant's picture appeared on exh P1. When there is a conflict between oral and documentary evidence, the court should accept the latter — please see Chang Min Tat FJ's judgment in the Federal Court case of *Tindok Besar Estate Sdn Bhd v Tinjar Co* [1979]

2 MLJ 229 at p 234. Accordingly, I attach great weight to exh P1;

(2) on 28 May 2015, second plaintiff had sent to the second defendant's mobile phone (by WhatsApp) three pictures (exhs P2A–P2D) of two letters (both dated 28 May 2015) from the first plaintiff to inform him that he had been suspended as the first plaintiff's GM (second defendant's suspension letter) and to give a second as well as a last opportunity for him to explain why he did not turn up for work in the first plaintiff from the middle of March 2015 to the end of May 2015 ('second show cause letter'). Exhibits P2B–P2D had stated that the second plaintiff had sent the three pictures to the second defendant and he had seen:

(a) the second defendant's suspension letter at 7.04pm, 28 May 2017 and

(b) the second show cause letter at 12.37pm, 15 July 2015;

(3) the fact that the second plaintiff started Sykt Faiza as a sole proprietorship is supported by:

(a) RBA records; and

(b) testimonies from Puan Siti and Encik Ahmad; and

(4) the second plaintiff's testimony that she was the sole founder of the first plaintiff is supported by the following evidence and reasons:

(a) it was reported in a magazine, 'Jelita', October 2003 in an article entitled 'Pengalaman ngeri Faiza ditikam — Tukang Jahit Kini Jadi Pengusaha Beras Ternama' as follows:

> *Oleh kerana kedudukan makin stabil pada 1992, saya kemudiannya menubuhkan Sykt Faiza Sdn Bhd dan semua jenama produk rempah dan beras ditukar kepada jenama FAIZA. Kini saya juga sebagai agen Lembaga Padi Negara untuk mengedarkan beras Basmathi dan juga mengedarkan beras Kashmir, Maharani Moghul dan Faiza Special* ... (Emphasis added.);

(b) newspaper 'Metro Ahad' dated 22 May 2005 reported as follows in an article entitled 'Faiza Bukti Wanita Mampu Niaga':

> *Bermula dengan menjahit baju serta membuat sarung bantal bermalam, Faiza mengembangkan perniagaannya dengan mengusahakan kedai runcit, mengeluarkan rempah kari dan sehingga gah sebagai pengedar beras terkenal tanah air melalui sykt miliknya, Sykt Faiza Sdn Bhd*' (Emphasis added.); and

(c) there was a write-up by a magazine, 'Superbrands' which stated that the second plaintiff was the founder of the first plaintiff.

[24] After the plaintiffs had closed their case, on 30 September 2016, the defendants applied for leave to amend their defence and counterclaim in the two suits (defendants' amendment application). On 8 November 2016; I granted the defendants' amendment application with the condition, among others, that the plaintiffs would be allowed to re-open their case and to recall their witnesses. The plaintiffs only recalled the second plaintiff to testify. When re-called, the second plaintiff could not identify her further witness statement (ID 61). This is understandable as she was more than 74 years old at that time and it is clear that her eye-sight was failing. There was nothing to doubt her credibility because when asked by both Ms Kuek and Mr Michael Soo, she clearly denied the existence of the alleged oral agreement. Furthermore, she had testified that previously, she did not understand what is copyright and trademarks. Such evidence clearly demonstrates that she is a witness of truth.

[25] I am aware that during cross-examination, the second plaintiff testified that she did not know how to design the first plaintiff's rice packagings. Such a fact does not mean that the second plaintiff could not contribute her ideas to the designs of the first plaintiff's rice packagings by discussing these designs with the second defendant, Puan Najwa bt Abu Bakar ('Puan Najwa') and Encik Yusof. It is to be noted that a 'graphic work' (defined in s 3 of the CA) constitutes 'artistic work' in s 3(a) of the CA 'irrespective of artistic quality'. In other words, the quality of an artistic work is irrelevant to the issue of copyright ownership under the CA.

[26] I find as a fact that Mr Lee, Puan Siti, Encik Ahmad, Dr Salwa, Encik Farid and Puan Jadwa are credible witnesses. Firstly, this is because the testimonies of Mr Lee, Dr Salwa, Encik Farid and Puan Jadwa are supported by documentary evidence. Furthermore, Mr Lee, Puan Siti and Encik Ahmad have no interest in the two suits and are therefore independent witnesses.

[27] This court finds as a fact that the second defendant is not a credible witness. This decision is based on the following evidence and reasons:

(1) the second defendant affirmed exh D52 (a statutory declaration ('SD') under s 42(1) of the CA) on 10 April 2008 before Mr Karam, a Commissioner of Oaths ('CO'). A copy (exh P51) of exh D52 had been exhibited in the second defendant's affidavit affirmed on 21 April 2016 and had been filed to oppose the plaintiffs' interlocutory injunction application in this case ('plaintiffs' interlocutory injunction application'). This court has dismissed the plaintiffs' interlocutory injunction application with costs. A copy of the second defendant's SD affirmed on 10 April 2008 had been adduced by the defendants to oppose the two suits and to support the counterclaim (exh D60).

The second defendant denied that exh D52 had been forged. The question is not whether the second defendant had signed exh D52 or

otherwise. *The issue is whether the contents of exh D52 were true or otherwise on 10 April 2008*.

I find as a fact that *the contents of exh D52 could not be true on 10 April 2008* due to the following evidence and reasons:

(a) exhibits 'FIKRIAB', 'FIKRIAB1' and 'FIKRIAB2' to exh D52 (D52E, D52G, D52H and D52I) showed Faiza logo. The plaintiffs had adduced evidence in the first plaintiff's letters dated 19 February 2008, 4 August 2008, 28 August 2009 and 23 September 2010 that on 10 April 2008, the first plaintiff used a logo which was different from Faiza logo. It is to be noted that the first plaintiff's letters 19 February 2008, 4 August 2008 and 23 September 2010 were signed by the second defendant as the first plaintiff's GM. The first plaintiff only started to use Faiza logo in 2010;

(b) exhibit 'FIKRIAB' in exh D52 (D52E) showed a 'Malaysia Brands' logo. However, the first plaintiff only started to collaborate with the company running Malaysia Brands after the first plaintiff had signed an agreement with that company on 6 March 2009 (please see a letter dated 10 March 2009 from Axos (M) Sdn Bhd to the first plaintiff);

(c) on 10 April 2008, the first plaintiff was selling 'Beras Faiza Emas' above RM26. On 13 November 2008, the Rice (Grade and Price Control) (Amendment) (No 4) Order 2008 ('the 2008 Order') was made by the Minister of Agriculture and Agro-Based Industry. The 2008 Order was *gazetted* and its para 1(3) stated that the 2008 Order would take effect on 16 November 2008. According to the 2008 Order, the price of 'Beras Faiza Emas' was stipulated at RM26. Accordingly, it was not possible for exh D52 to have been affirmed on 10 April 2008 with the price of 'Beras Faiza Emas' at RM26 (before the enforcement of the 2008 Order);

(d) para 2.1 of exh D52 stated that the second defendant created Beras Faiz Emas packaging in October 2001. This paragraph could not be true on 10 April 2008 because:

(i) the second defendant only changed its name from BMSB to its present name on 17 July 2013; and

(ii) during cross-examination, the second defendant testified that he first knew Encik Faiz when Encik Faiz's age was about '20 years plus'. Based on the National Registration Identity Card number of Encik Faiz, Encik Faiz was only 13 years old in 2001. It is therefore impossible for the second defendant to have created Beras Faiz Emas rice packaging based on Encik Faiz's name in 2001;

(e) the first plaintiff's then solicitors sent a demand dated 11 November 2015 for the first defendant to, among others, cease using the first defendant's marks and first defendant's rice packagings ('first plaintiff's demand'). The first defendant's solicitors, Messrs Shook Lin & Bok ('Messrs SLB'), replied to the first plaintiff's demand by way of a letter dated 15 December 2015 but did not refer at all to exh D52. If the contents of exh D52 were true on 10 April 2008, there is no reason why an important piece of evidence such as exh D52 could not have been stated in Messrs SLB's reply dated 15 December 2015 to inform the first plaintiff that copyright of first plaintiff's rice packagings is owned by the second defendant (not the first plaintiff); and

(f) if the contents of exh D52 were true on 10 April 2008, why did the second defendant only disclosed it for the very first time in the second defendant's affidavit affirmed on 21 April 2016 (after a delay of more than eight years)? More importantly, the second defendant did not serve any demand on the first plaintiff to stop using the first plaintiff's rice packagings based on exh D52, especially after the second plaintiff had left the first plaintiff a second and final time. The belated disclosure of exh D52, after the filing of the two suits and the plaintiffs' interlocutory injunction application, clearly proved that exh D52 was an afterthought to stifle unlawfully the plaintiffs' interlocutory injunction application and the two suits as well as to bolster illegitimately the counterclaim.

If the contents of exh D52 were false on 10 April 2008, the second defendant could have committed the following three offences (three offences):

(i) the second defendant had affirmed exh D52 which contained statements which were false on 10 April 2008 and the second defendant knew or believed such statements to be false or did not believe such statements to be true regarding a material point concerning copyright ownership in respect of the first plaintiff's rice packagings. This is an offence of affirming a false SD within the meaning of s 3 of the Statutory Declarations Act 1960 ('the SDA') read with ss 193 and 199 of the Penal Code ('the PC'); and

(ii) when the second defendant used exh D52, firstly to oppose the plaintiffs' interlocutory injunction application and subsequently relied on exh P52 in this trial (answers to questions No 49(b), 65(b), 71(b) and 72 of the second defendant's first witness statement, WSSD12A), there were two corrupt uses of exh D52 which constituted two offences under s 3 of the SDA read with ss

193, 199 and 200 of the PC.

I reproduce s 3 of the SDA, ss 193 and 199–200 of the PC as follows:

s 3 of the SDA:

Declarations made by virtue of the provisions of [SDA] shall be deemed to be such declarations as are referred to in sections 199 and 200 [PC].

s 193 PC:

Whoever intentionally gives false evidence in any stage of a judicial proceeding, or fabricates false evidence for the purpose of being used in any stage of a judicial proceeding, *shall be punished with imprisonment for a term which may extend to seven years, and shall also be liable to fine*; and whoever intentionally gives or fabricates false evidence in any other case, shall be punished with imprisonment for a term which may extend to three years, and shall also be liable to fine.

s 199 PC:

Whoever, in any declaration made or subscribed *by him, which declaration any Court*, or any public servant or other person, *is* bound or *authorized by law to receive as evidence of any fact, makes any statement which is false, and which he either knows or believes to be false or does not believe to be true, touching any point material to the object for which the declaration is made or used, shall be punished in the same manner as if he gave false evidence*.

s 200 PC:

Whoever corruptly uses or attempts to use *as true any such declaration knowing the same to be false in any material point, shall be punished in the same manner as if he ga ve false evidence*. (Emphasis added.)

The second defendant had admitted there were two errors in exh D52 (answers to questions No 9(f) and (g) of the second defendant's third witness statement, WSSD12C) (two errors). There was no evidence adduced by the defendants as to how and when the second defendant discovered the two errors. No correction to the two errors was made by the defendants in the course of the hearing of the plaintiffs' interlocutory injunction application. The second defendant did not inform the court of the two errors until the plaintiffs had closed their case and only when the second defendant took the stand as the penultimate witness for the defence. These two errors support the above finding that the contents of exh D52 were false on 10 April 2008.

I must make clear that this court does not find as a fact that the second defendant had committed the three offences beyond all reasonable doubt. Puan Jadwa had lodged Sentul police report No 8380/16 on 11 May 2016 regarding exh D52 and the public prosecutor has not charged the second defendant for any offence regarding exh D52. This

court only decides that the above evidence and reasons showed that the contents of exh D52 were false on 10 April 2008 and three offences *could* have been committed by the second defendant. Consequently, the second defendant's credibility has been severely undermined by the above evidence and reasons concerning exh D52.

I have not overlooked the fact that the plaintiffs had not pleaded the allegation that the second defendant had committed the three offences. I find that such an omission does not bar the plaintiffs from raising the three offences concerning the second defendant's credibility. Whether a party or witness has committed an offence regarding a 'fact in issue' or 'relevant fact' (defined in s 3 of the EA) concerns the credibility of the party or witness which is a matter of evidence to be adduced at the trial in question. Furthermore, exh D52 was the second defendant's SD which had been tendered as prima facie evidence to support his claim of copyright ownership in the first plaintiff's rice packaging pursuant to s 42(1) of the CA. Order 18 r 7(1) of the Rules of Court 2012 ('the RC') provides that 'every pleading shall contain, and contain only, a statement in a summary form of the material facts on which the party pleading relies for his claim or defence, as the case may be, but not the evidence by which those facts are to be proved, and the statement shall be as brief as the nature of the case admits'. Accordingly, the plaintiffs are not required under O 18 r 7(1) of the RC to plead that the second defendant had committed the three offences.

Mr Karam, Encik Zaidi and Encik Fazaruddin had testified regarding exh D52. I will discuss their credibility later in this judgment;

(2) para 7 of the plaintiffs' first written submission (plaintiffs' first submission) had given five material discrepancies between exh D52 on the one part and exhs P51 and D60 on the other part. Such material discrepancies clearly show that the second defendant is not a witness of truth;

(3) para 42 of the first defendant's affidavit affirmed on 21 April 2016 (filed by defendants to oppose plaintiffs' interlocutory injunction application) stated that the first plaintiff started to use Taj Mahal rice packaging in 1999 (para 42). Paragraph 42 materially contradicted para 2.1 of exh D52 which averred that the second defendant created the work in Taj Mahal rice packaging in February 2001. Such a material contradiction was admitted by the second defendant during cross-examination (NOP Vol 5, p 1572);

(4) the second defendant affirmed a SD on 22 April 2016 (a day after affirming para 42). Astoundingly, para 2 of this SD stated that the second defendant had prepared and reduced the Taj Mahal work on 14 February 2001 (which materially contradicted para 42);

(5) para 2 of the second defendant's SD affirmed on 22 April 2016 (SD (22 April 2016)) stated the second defendant prepared and reduced the Faiz Emas work on 24 October 2001 (which materially contradicted answer to question No 9(j) of the second defendant's third witness statement (WSSD12C) that Faiz Emas work was created sometime in 2008). During re-examination on 14 December 2016, the second defendant stated that the SD (22 April 2016) was wrong and Faiz Emas work was created sometime in 2008. It is to be noted that the second defendant only clarified for the very first time on 14 December 2016 that the SD (22 April 2016) was erroneous regarding Faiz Emas work, that too after plaintiffs had closed their case and after his cross-examination;

(6) when Ms Kuek asked the second defendant whether he knew that his SD's, affidavits and witness statement regarding when he created the Taj Mahal work, were all made under an oath to tell the truth, he answered that he did not know (NOP Vol 5, p 1583). Such an answer clearly shows that the second defendant is not an honest witness;

(7) as explained in para 41 below, there is an abundance of documentary evidence to show that the second defendant was less than honest when he alleged that he was not the first plaintiff's GM;

(8) the second defendant could not remember receiving exhs P1 and P2A to P2D. During cross-examination, the second defendant testified that he was unsure on whether he had received exh P1 but he did not read it (NOP Vol 4, at p 1380). The second defendant alleged that he had changed his mobile phone twice in 2015 and was not able to check whether he had received exhs P2A to P2D. Such evidence is not credible because the defendants have not adduced expert evidence to satisfy the court that a mere change of mobile phone (not the change of mobile phone number) may affect or erase the contents of messages received by the previous mobile phone;

(9) as explained in the above para 20(1), the second defendant had suppressed material evidence in the form of the CD;

(10) the second defendant gave the following evidence during cross-examination but changed such evidence when he was re-examined:

(a) the second defendant admitted that he was an employee of the first plaintiff from 1999–2015; and

(b) the second defendant worked for the first plaintiff in 2015; and

(11) during cross-examination, Ms Kuek asked the second defendant to superimpose a transparency of Faiz logo ('exh P58') on a transparency of Faiza logo ('exh P57'). Ms Kuek then asked the second defendant whether Faiz logo had been 'derived' from Faiza logo. The second defendant disagreed. Any reasonable person who superimposes exh P58

on exh P57 would discover that both exhibits are substantially similar and this gives rise to the inference that Faiz logo has been copied from Faiza logo. The second defendant was less than honest in giving evidence regarding exhs P57 and P58.

[28] I make a finding of fact that Mr Karam is not a reliable witness because:

(1) for reasons explained in the above sub-paras 27(1)(a)–(f), the contents of exh D52 could not be true on 10 April 2008;

(2) Ms Kuek put to Mr Karam during cross-examination that exh P51 was a forgery. Surprisingly, Mr Karam said he could not answer that question (NOP Vol 4, pp 1113–1114). Hence, the court was constrained to inform Mr Karam regarding s 132 of the EA and that he was not excused from answering Ms Kuek's question on the ground that his answer could incriminate him. After Mr Karam had been informed of s 132 of the EA, he stated that he did not know whether exh P51 was a forgery or not. The above cross-examination of Mr Karam and his answer showed that he is not a credible witness. An honest CO would have no hesitation to deny any allegation that a SD (which has been affirmed before the CO) is a forgery; and

(3) during cross-examination, despite not being asked by Ms Kuek, Mr Karam gave his own explanation regarding exh D52 (NOP Vol 4, p 1092). Hence, the court had to request Mr Karam not to give any explanation unless expressly asked by Ms Kuek (NOP Vol 4, p 1106–1108). Mr Karam's conduct showed that he was not an impartial witness.

Mr Michael Soo has submitted that the format of exh D59 (Mr Karam's handwritten record) complies with Form 7 in the Schedule to the Commissioner for Oaths Rules 1993 ('Form 7') and accordingly, the contents of exh D59 could support Mr Karam's credibility. Firstly, the fact that the format of a document complies with a form prescribed by law, does not necessarily mean that the contents of that document are true. The court still has to assess whether any weight should be attached to the contents of any document adduced as evidence in a case.

I am of the view that Mr Karam could not rely on exh D59 to support his credibility. This decision is based on the following reasons:

(a) no handwritten record (including exh D59) can rebut the contemporaneous documentary evidence elaborated in the above sub-paras 27(1)(a)–(c) which showed that the contents of exh D52 could not be true on 10 April 2008; and

(b) the entry (regarding exh D52) in exh D59 had been marked as exh D55. Exhibit D55 is not a reliable document because:

(i) exh D55 stated that Mr Karam had charged RM56 as fees for attesting 14 original copies of exh D52. Neither the defendants nor Mr Karam had adduced any evidence to show how Mr Karam could have charged RM56 as fees regarding exh D52.

When Ms Kuek asked Mr Karam to compute his total fees for attesting exh D52 and its exhibits, he was evasive and finally stated that he could not remember! (NOP Vol 5, pp 1698–1706). During re-examination, Mr Karam testified that he could have been mistaken as to the number of documents regarding exh D52 (for which he had charged fees); and

(ii) exh D59 was a comb-bound booklet without any page number. There was also no running number for the entries made in exh D59. In other words, false entries and/or fabricated pages could have been easily made and inserted in exh D59.

Based on the above evidence and reasons, there are grounds to investigate whether Mr Karam had abetted the second defendant's affirmation of a false SD in exh D52 (an offence under s 109 of the PC read with s 3 of the SDA and ss 193 and 199 of the PC).

[29] Encik Zaidi gave evidence regarding, among others, exh D52 as well as certain rice packagings of first plaintiff and first defendant. It is this court's finding of fact that Encik Zaidi is not a credible witness. This finding is premised on the following evidence and reasons:

(1) Encik Zaidi testified that he assisted the second defendant to create Faiza logo around 2008. Such evidence could not be true because the first plaintiff's letters dated 19 February 2008, 4 August 2008, 28 August 2009 and 23 September 2010 clearly showed that in 2008, the first plaintiff used a logo which was different from Faiza logo. In fact, the first plaintiff's letter dated 28 August 2009 was sent to ISFA Creative Sdn Bhd ('ISFAC') wherein Encik Zaidi is a director and shareholder. During cross-examination, Encik Zaidi admitted that he had received first plaintiff's letter dated 28 August 2009;

(2) sub-paras 3(e) and (f) of Encik Zaidi's first witness statement (WSSD10(A)) stated that he had discussed with the second defendant regarding, among others, the creation of the design of the first plaintiff's rice packaging concerning 'KASHMIR' mark and the representation of such a design had been depicted in exh D52. During cross-examination, Encik Zaidi admitted that the design of the first plaintiff's rice packaging regarding Kashmir mark was not contained in exh D52; and

(3) during cross-examination, Encik Zaidi denied that he was a shareholder of the first defendant (NOP Vol 4, p 1175–1176). When Ms Kuek showed Encik Zaidi the records of the first defendant with 'Suruhanjaya Sykt Malaysia' ('SSM') which stated that he owned one share in the first defendant, he still denied owning any share in the first defendant. The defendants had not adduced any evidence to disprove the accuracy of the first defendant's records with SSM.

During re-examination, Encik Zaidi admitted that he had transferred his shares in the first defendant to the second defendant and Encik Faiz. The second defendant testified that, among others, Encik Zaidi and the second defendant had 'bought' the first defendant as a 'shelf company' and subsequently, Encik Zaidi and Encik Faiz took over the first defendant and were its directors. Encik Zaidi had therefore concealed from this court his prior shareholding interest and prior involvement in the first defendant as its director.

[30] Encik Fazaruddin's evidence cannot be accepted because due to the following evidence and reasons, this court finds him to be an unreliable witness:

(1) Encik Fazaruddin testified that he assisted the second defendant to affirm exh D52 in 2008. Encik Fazaruddin further stated that he prepared the averments in exh D52 and inserted the pictures to be exhibited therein. He also arranged for the second defendant to affirm exh D52 before Mr Karam on 10 April 2008. In fact, Encik Fazaruddin was present when the second defendant affirmed exh D52 before Mr Karam on 10 April 2008.

As explained in the above sub-paras 27(1)(a)–(c), it was impossible for the second defendant to have affirmed exh D52 on 10 April 2008. There are therefore grounds to investigate whether Encik Fazaruddin had abetted the second defendant's affirmation of a false SD in exh D52 (an offence under s 109 of the PC read with s 3 of the SDA and ss 193 and 199 of the PC);

(2) when Encik Fazaruddin was the first plaintiff's marketing manager, he wrote a letter dated 29 December 2003 to the Registrar (exh P54) which stated that the first plaintiff created Moghul TM and the first plaintiff disagreed if the first plaintiff was not given exclusive rights regarding Moghul TM because no other trader had used Moghul and Faiza brands. During cross-examination, Encik Fazaruddin had the audacity to disagree with the contents of this letter dated 29 December 2003. Exhibit P54 is not any letter but a letter to the registrar. Exhibit P54 clearly undermines Encik Fazaruddin's credibility;

(3) Encik Fazaruddin admitted during cross-examination that he knew the pictures in exh D52, including Faiz Emas rice packaging, were created for

A the first plaintiff's use. During re-examination, Encik Fazaruddin changed his testimony and stated that Faiz Emas rice packaging was used by the first defendant and not by the first plaintiff. No explanation had been given by Encik Fazaruddin as to why he had changed his evidence;

B (4) during cross-examination, Encik Fazaruddin initially testified that the pictures exhibited in exh D60 were different from the pictures exhibited in exh D52. When Ms Kuek asked Encik Fazaruddin to compare each picture in exhs D52 and D60, he admitted that those pictures were the same;

C (5) Encik Fazaruddin gave evidence that he witnessed the first plaintiff's staff handing over a warning letter from the plaintiffs' present solicitors (Messrs Skrine) to the first defendant's clients and prospective clients around the middle of 2016. Encik Fazaruddin further testified that Messrs Skrine's letter could be in the first defendant's office. Such evidence is not true as Messrs Skrine had not issued any letter to the defendants in this case;

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(6) Encik Fazaruddin is presently the chief executive officer ('CEO') of the first defendant and yet he claimed to have no knowledge that the first defendant had changed its name! He further stated that he had forgotten the web-site address of the first defendant official Facebook. Such answers showed that Encik Fazaruddin is not a witness of truth;

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(7) during cross-examination Encik Fazaruddin gave contradictory answers to simple questions. One example was Ms Kuek's question on when the first plaintiff was incorporated (NOP Vol 4, p 1200). Encik Fazaruddin initially answered that he did not know. Subsequently, he said he had forgotten when the first plaintiff was incorporated; and

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G (8) as the first defendant's CEO, Encik Fazaruddin is an interested witness in this case.

[31] I find as a fact that Encik Yusof is not a credible witness because:

H (1) Encik Yusof signed a letter dated 28 August 2009 on the first plaintiff's letterhead to ISFAC. Encik Yusof signed this letter above the second defendant's name and designation as the first plaintiff's GM. The letter did not state that Encik Yusof signed on behalf of the second plaintiff. Any person who had read this letter would have thought that the second defendant had signed this letter on behalf of first plaintiff. An honest person would not have signed in the name of any person without stating expressly that he or she is signing on behalf of the latter;

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(2) despite the fact that Encik Yusof signed the first plaintiff's letter dated 28 August 2009 (which stated that the second defendant was the first plaintiff's GM), he incredulously denied that the second defendant was the first plaintiff's GM; and

(3) Encik Yusof is now the first defendant's GM and is not an impartial witness.

[32] Encik Sheikh's evidence cannot support the second defendant's averment that the second defendant was a co-founder of the first plaintiff. This is because Encik Sheikh was never involved in the first plaintiff's incorporation and business. Furthermore, Encik Sheikh did not have any dealing with the plaintiffs.

Encik Sheikh gave evidence regarding banking facilities given by Mayban Finance Bhd ('Mayban') to the first plaintiff ('first plaintiff's bank facilities'). Encik Sheikh was a senior officer at Mayban's branch in BP from the early 1990s to 1994 who had access to information regarding the first plaintiff's bank facilities. Encik Sheikh is restrained by s 133(1) of the Financial Services Act 2013 ('the FSA'), a provision on banking secrecy, from disclosing information regarding first plaintiff's bank facilities unless he is permitted to do so under s 134(1) read with Schedule 11 to FSA ('Schedule 11'). In this case, none of the 18 paras in Schedule 11 permits Encik Sheikh to disclose information regarding first plaintiff's bank facilities. It is to be noted that s 133(4) of the FSA prescribes that any person who contravenes s 133(1) of the FSA commits an offence and may be punished up to a maximum of five years' imprisonment and a fine not exceeding RM10m or both.

[33] Encik Zulkafli gave evidence that he first worked in Lembaga Padi dan Beras Negara ('LPN') and thereafter in BERNAS. According to Encik Zulkafli, the second defendant was one of the co-founders of the first plaintiff. I am not able to accept such evidence because Encik Zulkafli was not involved in the first plaintiff's incorporation. The fact that Encik Zulkafli (acting first for LPN and then for BERNAS) dealt solely with the second defendant (acting on behalf of the first plaintiff), does not support the second defendant's allegation that he co-founded the first plaintiff. Furthermore, Encik Zulkafli is a director of the first defendant and cannot be considered an impartial witness in this case.

[34] Datuk Ibrahim was previously the MD of BERNAS (which had entered into JVA with first plaintiff). When Datuk Ibrahim dealt with the first plaintiff, he had the impression the second defendant (not the second plaintiff) was 'in charge' of the first plaintiff. Such evidence does not prove that the second defendant was one of the co-founders of the first plaintiff. It is to be

noted that Datuk Ibrahim is the first defendant's director and is not an independent witness in this case.

[35] I am not able to give any credence to Encik Shamsul's evidence because:

(1) during cross-examination, Encik Shamsul was asked whether exh P31 (empty rice packaging of 'Beras Moghul Faiza Basmathi') is the same as exh P36 (empty rice packaging of 'Beras Mughal Faiz Basmathi'). Without comparing exh P31 with exh P36, Encik Shamsul immediately answered that both exhibits were different (NOP Vol 3, p 1059). This shows Encik Shamsul's lack of credibility because a witness of truth would have examined exhs P31 and P36 before answering Ms Kuek's question;

(2) Encik Shamsul testified during cross-examination that he first saw exh P36 in early 2015. During re-examination, Encik Shamsul initially stated that he could not remember when was the first time he say exh P36 (NOP Vol 3, p 1064). Subsequently, Encik Shamsul testified that he wished to maintain his earlier evidence regarding exh P36. When queried by the court, Encik Shamsul said that he did not wish to maintain his earlier evidence regarding exh P36. The court then cautioned Encik Shamsul that he had taken an oath to testify regarding the truth. When Mr Michael Soo asked Encik Shamsul when was the first time he saw exh P36, he initially replied that he was not sure and then he answered that he first saw exh P36 at the end of 2015. Encik Shamsul's answers regarding exh P36 clearly show that he is not a witness of truth; and

(3) Encik Shamsul is not an impartial witness as he is now employed by the first defendant.

I. SHOULD COURT THE PIERCE THE FIRST DEFENDANT'S CORPORATE VEIL?

[36] It is trite law that a company is a legal entity which is separate from its directors, shareholders and employees. To pierce a corporate veil, three Federal Court judgments require the following two conditions to be fulfilled cumulatively ('two conditions'):

(1) there exists special circumstances to pierce the corporate veil ('first condition'); and

(2) the piercing of a corporate veil is in the interest of justice ('second condition').

The following three Federal Court judgments have laid down the two conditions:

(a) Hasan Lah FCJ's judgment in *Solid Investments Ltd v Alcatel-Lucent (M) Sdn Bhd (previously known as Alcatel Network Systems (M) Sdn Bhd)* [2014] 3 MLJ 785 at p 803; [2014] 3 CLJ 73 at p 92;

(b) the decision of Richard Malanjum CJ (Sabah and Sarawak) in *Gurbachan Singh s/o Bagawan Singh & Ors v Vellasamy s/o Pennusamy & Ors* [2015] 1 MLJ 773, at paras 96–99; and

(c) the judgment of Richard Malanjum CJ (Sabah and Sarawak) in *Giga Engineering & Construction Sdn Bhd v Yip Chee Seng & Sons Sdn Bhd & Anor* [2015] 6 MLJ 449; [2015] 9 CLJ 537 at paras 39 and 44–45.

[37] The following evidence and reasons proves that the second defendant is the controller, 'alter ego' and 'directing mind and will' of the first defendant:

(1) there exists the following special circumstances which fulfill the first condition:

   (a) the first defendant's corporate veil is pierced so as to prevent the second defendant from evading his personal liability to the plaintiffs in the two suits; and/or

   (b) to prevent the second defendant from abusing the first defendant's corporate personality; and

(2) the second condition is satisfied because the following evidence and reasons show that it is in the interest of justice to pierce the first defendant's corporate veil so as to reveal that the second defendant is its controller, alter ego and 'directing mind and will':

   (a) according to the first defendant's records with SSM, the second defendant owns 5,850,000 shares in the first defendant. There are only two other shareholders of the first defendant who holds one share each in the first defendant, namely Encik Faiz and Encik Zaidi. Encik Zaidi has testified that he no longer owns any share in the first defendant and this evidence has not been challenged by the defendants. As such, all the shares in the first defendant, save one, are held by the second defendant;

   (b) the second defendant is a director of the first defendant;

   (c) although the first defendant has used and is still using Faiz logo on its rice products, the second defendant has applied to the registrar to register Faiz logo;

   (d) in opposing plaintiffs' interlocutory injunction application, the second defendant had affirmed affidavits on behalf of first defendant;

   (e) during cross-examination, Encik Zulkafli, a director of the first

A defendant, testified that the second defendant is the main driving force who makes all the decisions for the first defendant; and

(f) Datuk Ibrahim stated during cross-examination that the second defendant runs the first defendant's business.

B J. THE SECOND DEFENDANT'S SHARES AND MONETARY CLAIMS

[38] I find as a fact that there was no alleged oral trust due to the following evidence and reasons:

C (1) no evidence had been adduced by the second defendant that he had provided valuable consideration for the shares he claimed to have initially acquired in in the first plaintiff ('claimed shares'). It is trite law that equity will not assist a volunteer who has not given any valuable consideration for the creation of a trust — please see Peh Swee Chin SCJ's judgment in D the Supreme Court case of *Yeong Ah Chee v Lee Chong Hai & Anor and other appeals* [1994] 2 MLJ 614 at p 625; [1994] 3 CLJ 20 at p 27.

The second defendant did not tender any evidence to show that the shares in the first plaintiff had first been transferred by the second plaintiff to him out of natural love and affection as permitted by s 26(a) E of the Contracts Act 1950 — please see the judgments of Low Hop Bing and Abdul Malik Ishak JJCA in the Court of Appeal in *Tang Meng Hock v Tang Ming Seng* [2010] 1 MLJ 33; [2010] 1 AMR 540 at pp 547 and 555;

F (2) if the alleged oral trust was true, before the second defendant re-joined the first plaintiff in January 1999, the second defendant should have insisted for the second plaintiff to:

(a) re-transfer the claimed shares to him; or

G (b) document the alleged oral trust so as to avoid the second plaintiff from denying the existence of the alleged oral trust in the future;

(3) when the second defendant left the first plaintiff a second and final time, the second defendant should have demanded for the second plaintiff to re-transfer the claimed shares to him;

H (4) when the second plaintiff sent exh P1 to the second defendant, he should have demanded for the claimed shares to be re-transferred by the second plaintiff to him;

(5) when the first plaintiff's demand was sent, the second defendant should I have demanded for the second plaintiff to honour the alleged oral trust;

(6) there was no demand at any time by the second defendant to the second plaintiff to enforce the alleged oral trust;

(7) the second defendant's shares claim was only made after the two suits had

been filed. Clearly, the second defendant's shares claim was an afterthought to stifle unlawfully the plaintiffs' claims; and

(8) as explained in the above para 27, the second defendant is not a credible witness. The second defendant's lack of credibility is clear when he instructed his learned counsel to withdraw the second defendant's shares and monetary claims on 4 August 2016 but he subsequently gave evidence in support of such claims. The second defendant had not explained why he had instructed his learned counsel to withdraw the second defendant's shares and monetary claims on 4 August 2016.

[39] This court finds as a fact that there is no basis for the second defendant's monetary claim because:

(1) the second defendant had not furnished any evidence to prove that he had provided RM1,140,000 ('sum') to the second plaintiff;

(2) the second defendant should have demanded for the repayment of the sum by the second plaintiff to him:

(a) before the second plaintiff re-joined the first plaintiff in January 1999;

(b) after the second defendant left the first plaintiff a second time;

(c) after the second plaintiff sent exh P1 to the second defendant; and/or

(d) after the first plaintiff's demand had been sent;

(3) the second defendant had not made any demand for the repayment of the sum by the second plaintiff to him. The second defendant's monetary claim was only made after the filing of the second suits; and

(4) it is difficult for the court to accept the second defendant's self-serving and bare allegations regarding the second defendant's monetary claim when the second defendant's credibility is lacking (please see the above para 27) and when he instructed his learned counsel to withdraw the second defendant's shares and monetary claims on 4 August 2016.

[40] The second defendant bears the evidential burden under s 103 of the EA to prove the particular facts regarding the second defendant's shares and monetary claims — please see Mokhtar Sidin JCA's judgment in the Court of Appeal case of *Juahir bin Sadikon v Perbadanan Kemajuan Ekonomi Negeri Johor* [1996] 3 MLJ 627 at pp 638–639. Additionally or alternatively, premised on the evidence and reasons as elaborated in the above paras 38–39, this court finds as a fact that the second defendant has failed to discharge the burden to prove on a balance of probabilities the second defendant's shares and monetary claims. In the circumstances, the second defendant's shares and

monetary claims are dismissed with costs.

K. WAS THE SECOND PLAINTIFF EMPLOYED AS THE FIRST PLAINTIFF'S GM?

[41] I have no hesitation to find as a fact that the second defendant had been employed by the first plaintiff as its GM. This finding is based on the following evidence and reasons:

(1) the first plaintiff had sent three letters dated 1 January 2003, 1 March 2008 and 1 May 2010 (signed by the second plaintiff as the first plaintiff's MD) to the second defendant regarding his employment as the first plaintiff's GM (exhs P6, P7 and P8). The second defendant had merely denied receipt of these three letters. There is no reason why the plaintiffs would have fabricated these three letters against the second defendant. The second defendant had not lodged any police report to allege that the plaintiffs had fabricated these three letters to bolster unlawfully the two suits against him;

(2) the first plaintiff had adduced random pay slips dated 8 February 2007–30 June 2015 regarding its payments of 'Basic Pay', 'Club contribution', contributions to the Employees Provident Fund and Social Security Organisation as well as income tax deductions for the second defendant as its GM. These pay slips stated the second defendant's National Registration Identity Card number and his employee number in the first plaintiff's employment. Despite the second defendant's denial of receipt of these pay slips, he had not denied receipt of the first plaintiff's payments to him by way of these pay slips;

(3) the first plaintiff had paid by way of payment vouchers dated 2 February 2015–20 May 2015, the second defendant's various claims regarding, among others, 'entertainment', 'golf', medical bill, petrol, car maintenance and toll. Such payments had been credited by the first plaintiff directly into the second defendant's bank account. No evidence had been adduced by the second defendant to rebut such payments by the first plaintiff. More importantly, such payments were made by the first plaintiff to the second defendant when he was neither a director nor a shareholder of the first plaintiff;

(4) the second defendant had admitted that he had signed three letters dated 19 February 2008, 4 August 2008 and 23 September 2010 to BERNAS on behalf of the first plaintiff as its GM. The second defendant had not written to BERNAS to state that these three letters had not been sent by him as the first plaintiff's GM;

(5) a memorandum of understanding dated 1 July 2007 ('MOU') had been executed by the first plaintiff and National Diabetes Institute ('NADI').

The second defendant had witnessed in his capacity as the first plaintiff's GM, the second plaintiff's signature on the MOU (as the first plaintiff's MD). The second defendant had admitted signing the MOU (as the first plaintiff's GM) as a witness to the second plaintiff's signature on the MOU;

(6) exhs P2A to 2D have clearly proven that the second plaintiff had sent to the second defendant by way of WhatsApp the second defendant's suspension letter and the second show cause letter. Encik Sheikh had confirmed during cross-examination that he had handed the second show cause letter to the second defendant. The second defendant admitted that he had received the second show cause letter from Encik Sheikh but incredulously, the second defendant alleged that he did not open the letter since he had informed the second plaintiff that he would leave the first plaintiff with effect from 31 December 2014! If the second defendant was not the first plaintiff's GM, upon the second defendant's receipt of the second show cause letter from Encik Sheikh, the second defendant would have informed Encik Sheikh that he had never been employed by the first plaintiff and he would have returned the second show cause letter to the first plaintiff;

(7) the second defendant attended a course conducted by the National Productivity Corp on 17 June 2003 to 18 June 2003 as the first plaintiff's GM. The second defendant himself assessed the effectiveness of that course;

(8) there are two business cards which stated that the second defendant was the first plaintiff's GM. Significantly, these two business cards stated the second defendant's mobile phone number (019–7737737) which was the same mobile phone number to which the second plaintiff had sent exh P1 by way of WhatsApp. The second defendant admitted that he had passed out the two business cards to business associates but he claimed that the designation of GM in those business cards 'was loosely used as a description' because he was effectively in control of the first plaintiff (NOP Vol 4, p 1382);

(9) the following letters had been sent to the second defendant as the first plaintiff's GM:

(a) letter dated 6 July 2006 from the Parliamentary Secretary to the Ministry of Health; and

(b) NADI's letter dated 22 June 2007;

The second defendant did not inform the senders of the above letters that he was not the first plaintiff's GM;

(10) a magazine, 'Superbrands' had stated that the second defendant was the first plaintiff's GM (Bundle B4, p 1016) and the second defendant had not made any attempt to correct this publication;

(11) when Encik Azhar was cross-examined, he informed the court that when he first met the second defendant, the second defendant was the first plaintiff's GM;

(12) this court cannot accept the second defendant's allegation that there was a loose family arrangement whereby the second defendant could work with the first plaintiff without being its GM ('alleged family arrangement'). Firstly, the alleged family arrangement is inconsistent with contemporaneous documentary evidence as elaborated in the above sub-paras (1)–(10). Furthermore, BERNAS (a company which has signed a privatisation agreement with the Federal Government to take over all the functions of LPN) had entered into JVA with the first plaintiff and had acquired shares in the first plaintiff. By virtue of BERNAS' shareholding in the first plaintiff, the first plaintiff is not a 'family company' wherein the second defendant or the second plaintiff can decide for the first plaintiff at his or her own whim and fancy. In fact, from 1996 to 31 December 1998, BERNAS managed the first plaintiff and had appointed Encik Nawawi bin Ismail as its COO. It is clear that BERNAS' prior participation in the management of the first plaintiff and its shareholding in the first plaintiff negates the alleged family arrangement; and

(13) the second defendant's credibility is lacking due to the evidence and reasons elaborated in the above para 27.

L. WAS THE SECOND DEFENDANT A CO-FOUNDER OF THE FIRST PLAINTIFF?

[42] Regarding the second defendant's allegation that he was a co-founder, promoter, subscriber and first director of the first plaintiff, I am of the following decision:

(1) even if it is assumed that second defendant was a co-founder, promoter, subscriber and first director of the first plaintiff, such a fact is irrelevant in this case. This is because the first plaintiff is a legal person who is distinct from its founders, promoters, subscribers and first directors. The separate legal personality of the first plaintiff is accentuated by BERNAS' previous participation in the first plaintiff's management and its shareholding in the first plaintiff. In this case, the defendants have not applied to pierce the corporate veil of the first plaintiff. In any event, there is no evidence to fulfill the two conditions to pierce or lift the first plaintiff's corporate veil; and

(2) I find as a fact that the second plaintiff was the sole founder of the first plaintiff. This is because the second plaintiff is a credible witness (please see the above para 23). On the contrary, the second defendant's credibility leaves a lot to be desired (please see the above para 27).

M. COPYRIGHT

M(1). Whether alleged oral agreement existed

[43] I find as a fact that there was no alleged oral agreement (the second plaintiff would own all the trademarks in question while the second defendant would have copyright ownership of all the relevant works). This decision is based on the following evidence and reasons:

(1) as explained in the above sub-para 41(12), BERNAS' previous participation in the first plaintiff's management and its shareholding in the first plaintiff mean that the first plaintiff is not a 'family company' for the second plaintiff and second defendant to agree on matters concerning the first plaintiff. Accordingly, the court cannot accept the second defendant's evidence that the alleged oral agreement was based on the alleged family arrangement;

(2) the contents of exh P1 support the second plaintiff's evidence that the alleged oral agreement did not exist;

(3) when first plaintiff used first plaintiff's rice packagings, the second defendant did not protest that such a use by the first plaintiff was contrary to the alleged oral agreement;

(4) when the designs of first plaintiff's rice packagings were changed by the first plaintiff, the second defendant did not object to such changes based on the alleged oral agreement;

(5) when Moghul TM and Faiza logo TM were registered in the first plaintiff's name, the second defendant did not complain that such trademarks should be owned and registered in the second plaintiff's name (in accordance with the alleged oral agreement);

(6) the second defendant did not object to the renewal of the registration of Moghul TM by the first plaintiff;

(7) when the second plaintiff assigned Faiza TM to the first plaintiff, the second defendant did not raise any objection;

(8) when the second defendant left the first plaintiff a second time, the second defendant did not demand that the alleged oral agreement be honoured by the second plaintiff;

(9) if the alleged oral agreement was true, when the first defendant commenced business in November 2015, the first defendant should have used the first plaintiff's rice packagings based on the alleged oral agreement and need not have used its own rice packagings;

(10) if the alleged oral agreement was true, Messrs SLB's reply should have relied upon it;

(11) there is no reasonable explanation why the defendants could not have pleaded the alleged oral agreement in the original defence and counterclaim dated 8 June 2016. The very first time the alleged oral agreement surfaced was when the defendants' amendment application was filed on 30 September 2016 (after the plaintiffs had closed their case in this trial);

(12) if the alleged oral agreement existed, the defendants should have applied to court for the following remedies:

(a) specific performance of the alleged oral agreement ('SP remedy') under s 11(1)(c) of the SRA (when the act agreed to be done by the second plaintiff is such that pecuniary compensation for its non-performance would not afford adequate relief for the second defendant); and/or

(b) compensation in substitution or in addition to the SP remedy pursuant to s 18(1) and/or (2) of the SRA.

The counterclaim in this case did not apply for SP remedy. Nor did the defendants pray for compensation in substitution or in addition to the SP remedy in the counterclaim. Instead, the defendants applied to expunge the plaintiffs' registered trademarks from the register. As such, the defendants' conduct in this case negates the existence of the alleged oral agreement; and

(13) the second defendant is not a credible witness (please see the above para 27) for this court to decide that the alleged oral agreement had indeed existed.

[44] Additionally or alternatively, based on the evidence and reasons explained in the above para 43, I decide as a fact that the second defendant has failed to discharge the evidential burden under s 103 of the EA to prove a 'particular fact' regarding the alleged oral agreement.

M(2). *Does copyright subsist in typographical arrangement?*

[45] The parties' written submissions agreed that copyright subsists in a typographical arrangement. I am unable to find any Malaysian case which has recognised subsistence of copyright in typographical arrangements. Bearing in mind that copyright can only subsist by virtue of CA (s 6 of the CA), I am of

the view that s 9(1), (2) and (3) of the CA provide for copyright to subsist in typographical arrangements of 'published editions' of works. I reproduce s 9(1), (2) and (3) of the CA as follows:

> 9 *Copyright in published editions of works*
>
> (1) *Copyright shall subsist, subject to the provisions of this Act, in every published edition of any one or more literary, artistic or musical work in the case of which either —*
>
> (a) *the first publication of the edition took place in Malaysia*; *or*
>
> (b) *the publisher of the edition was a qualified person at the date of the first publication thereof*:
>
> Provided that this subsection does not apply to an edition which reproduces the typographical arrangement of a previous edition of the same work or works.
>
> (2) *Subject to the provisions of this Act, the publisher of an edition shall be entitled to any copyright subsisting in the edition by virtue of this section*.
>
> (3) *Subject to the provisions of this Act, the act restricted by the copyright subsisting by virtue of this section in an edition is the making of a reproduction of the typographical arrangement of the edition* ... (Emphasis added.)

It is to be noted that s 1(1)(c) of United Kingdom's (UK) Copyright, Designs and Patents Act 1988 has expressly provided for copyright to subsist in typographical arrangements of published editions.

M(3). Copyright ownership

M(3A). Who owns copyright in first plaintiff's rice packagings?

[46] Copyright subsists in respect of the first plaintiff's rice packagings and Faiza logo as follows:

(1) the wording and design in the first plaintiff's rice packagings is eligible for copyright as:

(a) a 'literary work' within the meaning of s 3(a) of the CA (other writings) — please see s 7(1)(a) of the CA;

(b) a 'graphic work' as defined in s 3(a) of the CA (drawing, diagram). A graphic work falls within the definition of 'artistic work' in s 3(a) of the CA. Section 7(1)(c) of the CA provides that an artistic work is eligible for copyright; and/or

(c) typographical arrangements of published editions of literary and/or artistic works as understood in s 9(1), (2) and (3) of the CA;

(2) Faiza logo is a literary work and an artistic work;

A In this judgment, the literary works, artistic works and typographical arrangements in the first plaintiff's rice packagings and Faiza logo shall be referred collectively as the 'works';

(3) sufficient effort had been expended to make the works original in character as required by s 7(3)(a) of the CA;

B

(4) the works has been written down, recorded and/or reduced to 'material form' (defined in s 3 of the CA) in accordance with s 7(3)(b) of the CA; and

C (5) the works qualify for copyright protection due to one or more of the following reasons:

(a) the works are made by a 'qualified person' (defined in s 3(a) and (b) of the CA as, among others, a Malaysian citizen and Malaysian company respectively) — please see s 10(1) of the CA;

D

(b) the works are first published in Malaysia under s 10(2)(a) of the CA; and/or

(c) the works are made in Malaysia — please see s 10(3) of the CA.

E

[47] The word 'author' has been defined in s 3 of the CA as follows:

(1) the author of a literary work means its 'writer' or 'maker' — s 3(a) of the CA; and

F (2) the author of an artistic work is its 'artist' — s 3(c) of the CA.

[48] The relevant part of s 26 of the CA provides as follows:

s 26 *First ownership of copyright*

G (1) *Copyright conferred by section 10 shall vest initially in the author.*

(2) Notwithstanding subsection 27(6), *where a work* —

...

(b) *not having been so commissioned, is made in the course of the author's employment,*

H

the copyright shall be deemed to be transferred to the person who commissioned the work or *the author's employer, subject to any agreement between the parties excluding or limiting such transfer*. (Emphasis added.)

I

[49] I am of the following view regarding s 26(1) and (2)(b) of the CA:

(1) according to s 26(1) of the CA, authorship of a work does not conclusively vest copyright in the author — please see *Aktif Perunding Sdn Bhd v ZNVA & Associates Sdn Bhd* [2018] 7 MLJ 692; [2017] 4

MLRH 447 at sub-para 33(1). Section 26(1) of the CA is subject to s 26(2)(b) of the CA;

(2) by reason of s 26(2)(b) of the CA, if a work is created by an author in the course of the author's employment, 'copyright shall be deemed to be transferred' to the author's employer subject to any agreement between the author and the author's employer — Aktif Perunding, at sub-para 33(2); and

(3) whether a work is created by an author in the course of the author's employment is a question of fact. Hence, cases on this issue are not binding precedents from the view point of the stare decisis doctrine.

[50] Based on the evidence and reasons elaborated in the above para 41, the second defendant was the first plaintiff's GM when the literary works, artistic works and typographical arrangements in the first plaintiff's rice packagings (original works) were created.

[51] I find as a fact that the original works had been co-authored (within the meaning of s 3(a) and (c) of the CA) by the second plaintiff, the second defendant, Puan Najwa and Encik Yusof ('four co-authors') in the course of their employment with the first plaintiff. Hence, the first plaintiff has ownership of the copyright in the original works according to s 26(2)(b) of the CA. I am not able to accept the second defendant's allegation that he was the sole author of the original works. The above decision is premised on the following evidence and reasons:

(1) the first plaintiff has first used the original works as follows:

(a) 'Beras Faiza Emas', 'Beras Kashmir Faiza Basmathi' and 'Beras Taj Mahal' packagings were first used in 1999; and

(b) 'Beras Moghul Faiza Basmathi' packaging was first used in 2002.

Regarding 'Beras Moghul Faiza Basmathi' packaging, I place no weight on a letter dated 19 February 2016 by 'Pak Prints & Pack Traders' ('PPPT') because this letter had been retracted by way of PPPT's letter dated 31 March 2016.

The use of 'Beras Moghul Faiza Basmathi' packaging by first plaintiff is evidenced by documentary evidence such as PPPT's invoice dated 12 December 2007 to the first plaintiff.

The first plaintiff had used 'Beras Faiza Emas' packaging by way of, among others, its purchase order ('PO') dated 6 January 2010 to Polymer Plus Sdn Bhd ('PPSB'). The use of 'Beras Kashmir Faiza Basmathi' packaging by the first plaintiff is evidenced in, among others, the first plaintiff's PO dated 24 December 2012 to PPSB. The first plaintiff's use of 'Beras Taj Mahal' packaging is clear from, among

A others, its PO dated 27 March 2009 to Masray Plastik Sdn Bhd.
The first plaintiff's only business is to trade in rice products and the original works had been used in respect of such products. The four co-authors had no reason to create the original works other than for their use in the first plaintiff's business. Accordingly, the four
B co-authors had created the original works in the course of their employment with the first plaintiff;

(2) the first plaintiff had amended the original works ('amended works') as follows:

C (a) the first plaintiff had previously used two different 'Beras Moghul Faiza Basmathi' packagings (pp 244–247 Bundle D);

(b) the first plaintiff had previously used a different 'Beras Faiza Emas' packaging (pp 236–239 Bundle D); and

D (c) the first plaintiff had previously used a different 'Beras Kashmir Faiza Basmathi' packaging (pp 240–243 Bundle D).
If the four co-authors had created the original works outside the scope of their employment in the first plaintiff, the four co-authors would not have allowed the first plaintiff to amend the original works and to
E use the amended works without their prior and express consent;

(3) if the second defendant was the sole author of the original works:

(a) the second defendant should have objected to the use of the original
F works by the first plaintiff;

(b) the second defendant should have insisted that the first plaintiff could only use the original works if the first plaintiff had obtained a written licence from the second defendant for such a use. It is to be noted that s 27(3) of the CA requires any 'licence to do an act the doing of which
G is controlled by copyright' to be in writing;

(c) the second defendant should have objected to the first plaintiff's changes to the original works and the first plaintiff's subsequent use of the amended works;

H (d) when the second defendant left the first plaintiff a second time, he should have demanded for the first plaintiff to cease infringing his copyright in the original works and/or amended works; and

(e) when the second plaintiff warned in exh P1 that the second defendant
I should not copy Faiza's brand and should create his own trade name and logo, he should have replied that he was the sole author of the original works;

(4) the second plaintiff is a credible witness (please see the above para 23). According to the second plaintiff:

(a) the 'Taj Mahal' mark was chosen by the first plaintiff because that mark sounds in Malay 'tak mahal' (not expensive). The first plaintiff uses the 'Taj Mahal' mark to inform its customers that its 'Taj Mahal' rice products are not expensive;

(b) the 'Kashmir' mark was chosen by the first plaintiff to signify a village with that name in Pakistan; and

(c) the first plaintiff uses the 'Moghul' mark to show a place near Pakistan;

(5) the first plaintiff's sales and marketing manager, Encik Azhar Kasim, had affirmed five SD's on 11 March 2016 pursuant to s 42(1) of the CA of the first plaintiff's copyright ownership in the works — please see Jeffrey Tan FCJ's judgment in the Federal Court case of *Dura-Mine Sdn Bhd v Elster Metering Ltd & Anor* [2015] 3 MLJ 1; [2015] 1 CLJ 887, at paras 12 and 29. I am mindful that the plaintiffs did not call Encik Azhar to testify in this case and the defendants did not have an opportunity to cross-examine him on the contents of Encik Azhar's SD's. Such a fact in itself, in my view, cannot rebut the evidence and reasons as elaborated in the above sub-paras (1)–(4) regarding the first plaintiff's ownership of copyright in the original works and Faiza logo; and

(6) I cannot accept the second defendant's SD's affirmed in support of his claim of copyright ownership in the works. This is due to the following reasons:

(a) the second defendant is not a truthful witness (please see the above para 27); and

(b) the evidence and reasons as elaborated in the above sub-paras (1)–(4) have successfully rebutted the prima facie evidence of the second defendant's SD's as explained in *Dura-Mine*.

[52] I am aware that Encik Yusof had denied that he was one of the four co-authors. Encik Yusof further alleged that the second defendant was the sole author of the original works. As explained in the above para 31, Encik Yusof lacks credibility. Hence, I cannot accept Encik Yusof's evidence regarding the authorship of the original works.

[53] Mr Michael Soo has contended, among others, as follows:

(1) the second defendant has ownership of copyright in the original works due to the alleged oral agreement;

(2) even if the second defendant was the first plaintiff's GM, he did not create the original works and Faiza logo in the course of his employment with the first plaintiff. Reliance had been placed on the following decisions from English courts:

(a) the Court of Appeal's judgment in *Stephenson Jordan & Harrison Ltd v MacDonald & Evans* (1952) 69 RPC 10; and

(b) Mummery J's (as he then was) decision in *Noah v Shuba and Another* [1991] FSR 14; and

(3) the second defendant had given notifications to the controller of his copyright ownership in the original works and the first defendant's rice packagings pursuant to s 26A(1) of the CA ('second defendant's copyright notifications'). Mr Michael Soo has contended that the second defendant's copyright notifications have conferred copyright ownership in the original works and the first defendant's rice packagings on the second defendant; and

(4) the controller's certification had been given regarding the second defendant ownership of copyright in the original works and the first defendant's rice packagings. According to Mr Michael Soo, the controller's certification constituted prima facie evidence that the second defendant is the owner of copyright in the original works and the first defendant's rice packagings.

[54] With respect, I am not able to accede to the above submission by Mr Micheal Soo due to the following reasons:

(1) as explained in the above paras 43–44, there is no basis to substantiate the alleged oral agreement. Even if it is assumed that the alleged oral agreement existed, I find that the words 'subject to any agreement between the parties excluding or limiting such transfer' in s 26(2) of the CA envisage an agreement between an author and the author's employer (not an agreement between an author and a person who is not the author's employer). If I have construed the words 'subject to any agreement between the parties excluding or limiting such transfer' in s 26(2) of the CA to include a contract between an author of a work and a third party (who is not the author's employer) ('author's contract with non-employer'), this will allow an author to be unlawfully induced to breach his or her employment contract (regarding a work produced by the author in the course of the author's employment) by the author's contract with non-employer. Such an outcome is neither just nor desirable.

The alleged oral agreement was between the second plaintiff (not the second defendant's employer) and the second defendant. It is clear that even if the alleged oral agreement existed, the second defendant cannot

rely on it under s 26(2) of the CA to exclude the transfer of copyright in the original works and amended works from the second defendant to his employer (first plaintiff);

(2) the relevant parts of ss 26A and 26B of the CA provide as follows:

> 26A *Voluntary notification of copyright*
>
> (1) *A notification of copyright in any work may be made to the controller by or on behalf of the author of the work, the owner of the copyright in the work*, an assignee of the copyright, or a person to whom an interest in the copyright has been granted by licence.
>
> ...
>
> *(3) A notification of copyright shall contain the following particulars:*
>
> ...
>
> S 26B *Register of Copyright*
>
> *(1) The controller shall keep and maintain a register called the Register of Copyright.*
>
> *(2) The Register of Copyright shall contain all such particulars relating to a copyright in a work as notified to the controller under section 26A.*
>
> ...
>
> *(4) Any person may examine the Register of Copyright at such times and upon such conditions as may be determined by the Minister, and may obtain certified extracts from the Register on payment of the prescribed fee.*
>
> *(5) The controller* or Deputy Controller *may certify true extracts from the Register of Copyright which shall be prima facie evidence of the particulars entered therein and such certified extracts of the Register of Copyright shall be admissible in all courts.* (Emphasis added.)

I am of the view that the second defendant's copyright notifications cannot confer any copyright ownership in the original works because:

(a) neither s 26A nor s 26B of the CA provides, expressly or by necessary implication, that copyright ownership shall be conferred by a copyright notification;

(b) if I have accepted Mr Soo's above submission, this means copyright ownership may be derived solely by copyright notification without the need to satisfy ss 7(3)(a), 7(3)(b), 9(1)(a), (1)(b), 10(1), (2) and (3) of the CA. Sections 26A and 26B of the CA, among others, have been introduced by Copyright (Amendment) Act 2012 ('Act A1420'). If Parliament had intended for ss 26A and 26B of the CA to provide for copyright ownership, Parliament would have expressly done so in Act A1420 by stating that ss 26A and 26B of the CA would have effect

notwithstanding any other provision in CA. Parliament however did not expressly provide in Act A1420 for ss 26A and 26B of the CA to override other provisions in the CA (which provide for copyright ownership); and

(c) Act A1420 only came into force on 1 March 2012 and has no retrospective effect. As such, the second defendant's copyright notifications cannot confer retrospectively on the second defendant any copyright ownership in the original works;

(3) s 26B(5) of the CA merely provides that a controller's certification 'shall be prima facie evidence of the particulars' entered in the Copyright Register and 'shall be admissible in all courts'. Section 26B(5) of the CA is only an evidentiary provision which does not provide for copyright ownership; and

(4) *Stephenson Jordan & Harrison Ltd* and *Noah* can be easily distinguished from this case as follows:

(a) the works authored in *Stephenson Jordan & Harrison Ltd* and *Noah* had not been used by the employers in question. In this case, the original works had been used and amended by the first plaintiff without any objection by the four co-authors (including the second defendant);

(b) in *Stephenson Jordan & Harrison Ltd*, the Court of Appeal held that a part of a book written by the plaintiff's employee was written by the employee in the course of his employment and copyright in that part of the book was therefore owned by the plaintiff. It was decided that the other parts of the book were not written by the author in the course of his employment based on the particular terms of the employment contract in question; and

(c) in *Noah*, it was held that the plaintiff had not written a book in the course of his employment because he had written the book at home in the evenings and weekends. More importantly, it was the practice of the plaintiff's employer to allow its employees to retain copyright in works written by its employees and the court therefore held that there was an implied term in the plaintiff's employment contract that the plaintiff would retain copyright in works written by him. Lastly, the plaintiff's employer did not claim for copyright in the plaintiff's book. In *Noah*, the plaintiff claimed, among others, that the defendants (not the plaintiff's employer) had infringed his copyright in an article published by the defendants and the defendants had raised a defence that copyright in the book was vested in the plaintiff's employer (not in the plaintiff).

[55] I have not overlooked the second defendant's letter dated 19 November 2007 to the Intellectual Property Corporation of Malaysia ('MyIPO') and

MyIPO's reply dated 15 February 2008. These two letters did not refer to any particular work in question. Hence, these two letters do not support the second defendant's claim of authorship and copyright ownership in the original works and amended works.

M(3B). Who owns copyright in in Faiza logo?

[56] I am satisfied on a balance of probabilities that the first plaintiff (not the second defendant) has created Faiza logo and is therefore the owner of copyright in Faiza logo under s 26(1) of the CA. This finding is based on the following evidence and reasons:

(1) Mr Lee testified that Puan Najwa had approached Mr Lee to design logos for the first plaintiff. Mr Lee then designed various logos ('Mr Lee's logos'). Faiza logo is derived from one of Mr Lee's logos. Mr Lee is a credible witness due to the following reasons:

(a) Mr Lee has produced a CD which contained all of Mr Lee's logos. The contents of the CD clearly support Mr Lee's testimony;

(b) Mr Lee's credibility is supported by an invoice for RM150 issued by his firm, 'Pin Design', to Faiza marketing in respect of his design work. I am aware that Faiza marketing is a company which is different from the first plaintiff. However, Faiza marketing is not claiming any intellectual property right in Mr Lee's logos. Furthermore, Faiza marketing did not object to the fact that Faiza logo had been derived from one of Mr Lee's logos; and

(c) Mr Lee is an impartial witness in the two suits. During Mr Lee's cross-examination, he clearly denied that Puan Najwa had informed him that Mr Lee's logos were instructed by the second defendant;

(2) no evidence has been adduced by the defendants to show how the second defendant was inspired to create Faiza logo. Nor did the second defendant tender any evidence on how he had created Faiza logo, such as draft drawings and designs;

(3) Puan Jadwa had testified that the first plaintiff through the second defendant as its then GM, commissioned ISFA Design Sdn Bhd to revise Faiza logo to the current one;

(4) it makes commercial sense for the first plaintiff to create Faiza logo because Faiza logo is based on the name of its founder (second plaintiff);

(5) the second defendant did not:

(a) object to the first plaintiff's use of Faiza logo at any time;

(b) demand that the first plaintiff could only use Faiza logo if the first plaintiff had obtained a written licence from the second defendant; and

(c) demand for the first plaintiff to cease infringing his copyright in Faiza logo when the second defendant left the first plaintiff a second time;

(6) if the second defendant had created Faiza logo:

(a) when the second plaintiff warned in exh P1 that the second defendant should not copy Faiza's brand and should create his own trade name and logo, he should have replied that he had created Faiza logo on his own;

(b) when the first defendant commenced business in November 2015, the first defendant (controlled by the second defendant) should have used Faiza logo instead of Faiz logo; and

(c) Messrs SLB's reply should have demanded for the first plaintiff to cease using Faiza logo; and

(7) as explained in the above para 23, the second plaintiff is an honest witness. The second defendant's credibility is however lacking (please see the above para 27).

M(4). Copyright infringement

M(4A). What is the applicable test?

[57] Section 36(1) of the CA provides as follows:

> 36 *Infringements*
>
> (1) *Copyright is infringed by any person who does, or causes any other person to do, without the licence of the owner of the copyright, an act the doing of which is controlled by copyright under this Act*. (Emphasis added.)

In *Portcullis Trustnet (Singapore) Pte Ltd v George Pathmanathan a/l Michael Gandhi Nathan & Ors* [2017] MLJU 223 at para 149, it was decided as follows:

> *Section 36(1) of the CA provides 2 bases for copyright infringement, namely:*
>
> (1) *when a person (X) does an act which is controlled by copyright under CA (first limb); and*
>
> (2) *when a person causes X to do an act which is controlled by copyright under CA (second limb).* (Emphasis added.)

[58] The first limb concerns an infringement regarding 'an act the doing of which is controlled by copyright'. The first plaintiff's copyright in the works means that the first plaintiff has the following exclusive rights regarding the works:

(1) right under s 13(1)(a) of the CA to control the 'reproduction' (defined

widely in s 3 of the CA) of the works in a 'material form' (defined in s 3 of the CA);

(2) right to communicate the works to the public pursuant to s 13(1)(aa) of the CA; and

(3) right to distribute copies of the works to the public by sale under s 13(1)(e) of the CA.

[59] Regarding copyright infringement under the first limb, my research has shown that case law has not spoken in one voice. Firstly, I refer to the three elements of copyright infringement under the first limb (three elements (first limb)) as decided by Low Hop Bing J (as he then was) in the High Court in *Megnaway Enterprise Sdn Bhd v Soon Lian Hock (sole proprietor of the firm Performance Audio & Car Accessories Enterprise)* [2009] 3 MLJ 525 at para 41. The three elements (first limb) are:

(1) a plaintiff has to prove sufficient objective similarity between:

(a) the plaintiff's copyright work or a substantial part of the copyright work, and

(b) the alleged infringing work ('impugned work')

(first element (first limb)).

Regarding the first element (first limb), a visual comparison between the original work and impugned work will be undertaken by the court — *Megnaway Enterprise* at para 46.

In the Court of Appeal case of *Elster Metering Limited & Anor v Damini Corporation Sdn Bhd & Anor* [2012] MLJU 1753; [2012] 1 LNS 959, at paras 9 and 14–15, Ramly Ali JCA (as he then was) referred to the first element (first limb) as held by the following English courts:

(i) Diplock LJ's (as he then was) judgment in the Court of Appeal case of *Francis Day & Hunter Ltd & Anor v Bron & Anor* [1963] Ch 587; and

(ii) Lord Millett's judgment in the the House of Lords in *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2001] 1 All ER 700 at pp 708–709;

(2) the plaintiff must prove that there is a causal connection between the copyright work and impugned work, namely, the impugned work is proven to have been copied from the copyright work, whether directly or indirectly ('second element (first limb)'). The second element (first limb) has been applied in *Elster Metering*, at paras 9–11 and 28.

If the first element (first limb) is proven by a plaintiff, there is a rebuttable presumption of copying and the evidential burden then shifts to the defendant to prove that the impugned work has not been copied from the copyright work or the impugned work has been created by the defendant

A independently of the copyright work — *Megnaway Enterprise*, at para 43. It should be emphasised that the legal burden under s 101(1) and (2) of the EA to prove the three elements (first limb), remains solely on the plaintiff and does not shift at all to the defendant.

B In the High Court case of *Plastech Industrial Systems Sdn Bhd v N & C Resources Sdn Bhd & Ors* [2012] 5 MLJ 258 at para 13, Azahar Mohamed J (as he then was) decided that the causal connection between the copyright work and impugned work had been proven by the fact that a defendant had access to the copyright work;

C (3) what has been copied in the impugned work must constitute a substantial part of the original work ('third element (first limb)'). The third element (first limb) has been referred in *Elster Metering* at para 16.

In respect of the third element (first limb):

D (a) Lord Millett and Lord Scott adopted slightly different approaches in *Designers Guild*. According to Lord Millett:

(i) whether the impugned work has copied a substantial part of the copyright work depends on the quality (not the quantity) of the features
E of the copyright work which has been copied by the impugned work; and

(ii) the features copied by the impugned work need not form a substantial part of the impugned work. The importance of the impugned work is therefore not relevant in deciding whether the third element (first limb)
F has been fulfilled or not;

(b) Lord Scott distinguished two types of copying as follows:

(i) the impugned work has copied an identifiable part of the copyright work without any modification. In such a case, whether the third element
G (first limb) is proven depends on the quality of the copyright work's features which has been copied by the impugned work; and

(ii) the impugned work has copied the copyright work with modifications (altered copying case). To decide whether the third
H element (first limb) has been satisfied in an altered copying case, Lord Scott adopted the test as stated in *The Modern Law of Copyright and Designs*, Laddie, Prescott and Vitoria (2nd Ed) (1995), at para 2-108 — has the infringer incorporated in the impugned work a substantial part of the independent skill and labour of the author in creating the copyright
I work ('*Laddie*'s test')?

[60] I am of the following view regarding the three elements (first limb):

(1) the question of whether the first and third elements (first limb) are satisfied or not, is one of impression — please see the judgments of

Lords Hoffmann and Millett in *Designers Guild* at pp 704 and 708 respectively;

(2) regarding the third element (first limb), I am not able to find any Malaysian case on altered copying. In *Virtual Map (Singapore) Pte Ltd v Singapore Land Authority and another application* [2009] 2 SLR 558 at paras 37–38, the Singapore Court of Appeal did not grant leave to appeal (regarding the question of whether to apply Lord Millett's approach or *Laddie*'s test for altered copying) on the ground that the facts of that case did not involve altered copying.

I am of the view that in altered copying cases, *Laddie*'s test should be preferred to Lord Millett's approach. My view is premised on the following reasons:

(a) a wily copyright infringer may modify the impugned work in such a manner which may be difficult to determine whether the impugned work has copied a substantial part of the copyright work. Hence, the utility and simplicity of *Laddie*'s test;

(b) *Laddie*'s test is consistent with the object of copyright law to protect an author's skill and labour in creating an original work and a defendant should not be allowed to reap what the copyright owner has sown — please see Lord Bingham's judgment in *Designers Guild*, at p 701; and

(c) the application of *Laddie*'s test is just and is not contrary to any policy consideration;

(3) in respect of the third element (first limb), a substantial part of the copyright work can consist of only one feature or a combination of features — please see Lord Hoffmann's judgments in *Designers Guild* at p 706; and

(4) whether the three elements (first limb) have been proven in a case is a question of fact. Accordingly, cases on whether the first limb has been proven or otherwise, strictly speaking, are not binding legal precedents.

M(4B). Whether first defendant has infringed first plaintiff's copyright in the works

[61] I find as a fact that on a balance of probabilities, the first defendant's use of Faiz logo on first defendant's rice packagings has infringed the first plaintiff's copyright in Faiza logo under s 13(1)(a), (aa) and (e) of the CA read with the first limb. It is to be noted that the second defendant has applied to the registrar to register Faiz logo. This decision is based on the following evidence and reasons:

(1) the first element (first limb) is satisfied because a visual comparison between Faiza logo and Faiz logo (please see Annexure A) reveals the following striking objective similarities between the two logos:

(a) both logos have the same four letters ('f', 'a', 'i' and 'z') in the same sequence;

(b) the four letters are in the same red colour, lower case letters and font;

(c) both logos have the same prominent dot in red colour above the letter 'i' ('red dot'); and

(d) both logos have the same curve in red colour below the letters ('red curve');

(2) in view of the above striking objective similarities between Faiza logo and Faiz logo, there is a rebuttable presumption that Faiz logo had been copied by the first defendant from Faiza logo. In this case, this presumption is irrebuttable because the second defendant was the first plaintiff's GM (please see the above para 41) and had access to Faiza logo — please see *Plastech Industrial Systems*. Accordingly, as the second defendant controls the first defendant (please see the above para 37), there is a causal connection between the two logos and the second element (first limb) is thus fulfilled; and

(3) this is not a case of altered copying because Faiz logo has incorporated three identifiable parts of Faiza logo, namely four letters in sequence (Faiz), Red Dot and Red Curve. It is clear that Faiz logo constitutes a substantial part of Faiza logo and hence, the third element (first limb) is satisfied. In fact, when exh P58 (a transparent copy of Faiz logo) is superimposed on exh P57 (a transparent copy of Faiza logo), it is clear that most of the features of Faiza logo have been copied by Faiz logo.

[62] This court finds as a fact that first defendant's 'Beras Mughal Faiz Basmathi' packaging has infringed the first plaintiff's copyright in 'Beras Moghul Faiza Basmathi' packaging under s 13(1)(a), (aa) and (e) of the CA read with the first limb. This finding is premised on the following evidence and reasons:

(1) the first element (first limb) is proven because a visual comparison between both packagings (on both sides of each packaging) (please see Annexures B1 and B2) shows striking objective similarities as elaborated in sub-paras 160.1–160.19 of the plaintiffs' first submission;

(2) due to the striking objective similarities between both packagings, there is a rebuttable presumption that 'Beras Mughal Faiz Basmathi' packaging had been copied by the first defendant from 'Beras Moghul Faiza Basmathi' packaging. This rebuttable presumption cannot be rebutted by the defendants because the second defendant was one of the four co-authors of 'Beras Moghul Faiza Basmathi' packaging (please see the above para 51). Accordingly, the second element (first limb) is satisfied; and

(3) the third element (first limb) is satisfied because 'Beras Mughal Faiz Basmathi' packaging constitutes a substantial part of 'Beras Moghul Faiza Basmathi' packaging. This is not a case of altered copying because 'Beras Mughal Faiz Basmathi' packaging has incorporated the following substantial part of both sides of 'Beras Moghul Faiza Basmathi' packaging:

(a) the name 'Beras Moghul Faiza Basmathi' and its placement;

(b) Faiza logo (from which Faiz logo was copied), 'Bungkusan Baru 5kg' logo and 'Beras Import Pakistan' logo and their placement;

(c) a white rope handle, a sliding seal closure in white and a thin blue border near where the packaging handle is;

(d) a red panel with polka dot designs in orange, black and yellow;

(e) a curtain like inverse triangu lar skirting at the top of the red panel;

(f) a dome-like orange border between the red panel and the blue panel;

(g) two yellow panels separated by a blue panel in the middle; and

(h) each packaging has a red vertical panel next to the top yellow panel.

Alternatively, even if it is assumed that 'Beras Mughal Faiz Basmathi' packaging has been modified by the first defendant and this is therefore an altered copying case, I find as a fact that by applying *Laddie*'s test, the first defendant has incorporated in 'Beras Mughal Faiz Basmathi' packaging a substantial part of the independent skill and labour of the first plaintiff (through the four co-authors) in creating and amending 'Beras Moghul Faiza Basmathi' packaging.

[63] I am of the view that first defendant's two 'Beras Faiz Emas' packagings have infringed the first plaintiff's copyright in two 'Beras Faiza Emas' packagings under s 13(1)(a), (aa) and (e) of the CA read with the first limb. This decision is supported by the following evidence and reasons:

(1) the first element (first limb) is satisfied because a visual comparison between the two packagings of 'Beras Faiz Emas' and two packagings of 'Beras Faiza Emas' (on both sides of each packaging) (please see Annexures C1, C2, C3 and C4) shows striking objective similarities as stated in sub-paras 161.1 to 161.59 of the plaintiffs' first submission;

(2) the second element (first limb) is proven because the second defendant was one of the four co-authors of 'Beras Faiza Emas' packaging (please see the above para 51); and

(3) the third element (first limb) is fulfilled because the two 'Beras Faiz Emas' packagings have incorporated a substantial part of both sides of the two 'Beras Faiza Emas' packagings as follows:

(a) the words 'Beras Faiza Emas', 'Beras Putih Import', 'Cara Memasak', 'Beras Putih' and their placement;

(b) Faiza logo, '5%' logo, 'Bungkusan Baru 10kg' logo, 'Beras Putih' logo and their placement;

(c) pictures for cooking method;

(d) a yellow and green dome-shaped border;

(e) a white background with plant-like design in the midd le of the packaging;

(f) a green panel with yellow grain-like plant design above the bottom panel; and

(g) a chequered panel at the bottom of the packaging; and

(h) written description.

As an alternative to the above decision regarding the third element (first limb), even if it is assumed that the two 'Beras Faiz Emas' packagings have been modified by the first defendant, I apply *Laddie*'s test and find that the first defendant has incorporated in the two 'Beras Faiza Emas' packagings a substantial part of the independent skill and labour of the first plaintiff (through the four co-authors) in creating and amending the two 'Beras Faiza Emas' packagings.

[64] This court finds as a fact that first defendant's 'Beras Himalaya Faiz Basmathi' packaging has infringed the first plaintiff's copyright in 'Beras Kashmir Faiza Basmathi' packaging under s 13(1)(a), (aa) and (e) of the CA read with the first limb. This finding is based on the following evidence and reasons:

(1) a visual comparison between both packagings (on both sides of each packaging) (please see Annexures D1 and D2) reveals striking objective similarities as submitted in sub-paras 162.1–162.29 of the plaintiffs' first submission. As such, the first element (first limb) has been proven;

(2) as explained in the above para 51, the second defendant was one of the four co-authors of 'Beras Kashmir Faiza Basmathi' packaging. The second element (first limb) is therefore fulfilled; and

(3) the third element (first limb) is satisfied because 'Beras Himalaya Faiz Basmathi' packaging has copied the following substantial part of 'Beras Kashmir Faiza Basmathi':

(a) the words 'Beras Kashmir Faiza Basmathi', 'Beras Istimewa', 'Cara Memasak' and their placement;

(b) a clear background with a mountain design in the middle of the packaging;

(c) pictures for cooking method;

(d) Faiza logo, 'Bungkusan Baru 5kg', 'Beras Istimewa' logo, 'Beras Putih' logo, 'Beras Import Pakistan' logo and their placement;

(e) an orange and white chequered panel at the top part of the packaging;

(f) a gold dome-shaped border;

(g) a purple or brown border with gold leaf-like design at the top of the packaging;

(h) a gold border on the top and bottom of the packaging; and

(i) written description.

> Beras Himalaya Faiz Basmathi' packaging has been modified by the first defendant. In such a case of altered copying, this court applies *Laddie*'s test and finds that the first defendant has incorporated in 'Beras Himalaya Faiz Basmathi' packaging a substantial part of the independent skill and labour of the first plaintiff (through the 4 Co-Authors) in creating and amending 'Beras Kashmir Faiza Basmathi'.

[65] I am satisfied on a balance of probabilities that the first defendant's 'D Faiz Herba Rice' packaging has infringed the first plaintiff's copyright in 'Beras Taj Mahal, Beras Herba Faiza' packaging under s 13(1)(a), (aa) and (e) of the CA read with the first limb. The following evidence and reasons support this finding of fact:

(1) upon a visual comparison between both packagings (on both sides of each packaging) (please see Annexures E1 and E2), the following objective similarities emerge:

(a) both packagings have the word 'Herba' with the same placement;

(b) both packagings have a blue panel with gold leaf-like design at the top of the packaging;

(c) both packagings have a reddish-pink dome-shaped border; and

(d) both packagings have the 'NADI' logo in the middle portion of the packaging;

(2) the second element (first limb) is fulfilled because the second defendant was one of the four co-authors of 'Beras Taj Mahal, Beras Herba Faiza' packaging (please see the above para 51); and

(3) applying Lord Millett's approach in *Designer's Guild*, the third element (first limb) is proven because the first defendant's 'D Faiz Herba Rice' packaging has copied a substantial part of 'Beras Taj Mahal, Beras Herba Faiza' packaging as stated in the above sub-para (1).

It is clear that 'D Faiz Herba Rice' packaging has been modified by the first defendant. Alternatively, I apply *Laddie*'s test and find that the first defendant has incorporated in 'D Faiz Herba Rice' packaging a substantial part of the independent skill and labour of the first plaintiff (through the four co-authors) in creating and amending 'Beras Taj Mahal, Beras Herba Faiza'.

[66] As the first defendant's rice packagings have infringed the first plaintiff's copyright in the works ('first defendant's copyright infringement'), neither the first defendant nor the second defendant can have copyright ownership in the first defendant's rice packagings. This is because the first defendant has not expended sufficient efforts to make the first defendant's rice packagings original in character as required by s 7(3)(a) of the CA. As such, the defendants cannot counterclaim that the first plaintiff's rice packagings have infringed the first defendant's copyright in the first defendant's rice packagings.

M(4C). Whether second defendant has infringed first plaintiff's copyright in the works

[67] In *Motordata Research Consortium Sdn Bhd v Ahmad Shahril bin Abdullah & Ors* [2017] MLJU 1187 at paras 53–57, I have construed the second limb as follows:

> 53. *I am not able to find a previous Malaysian case which has decided on the scope of the second limb. The second limb of s 36(1) of the CA uses the term 'causes'. A person commits copyright infringement under the second limb when he does not do an act which is controlled by copyright (first limb) but 'causes' another person to do an act which is controlled by copyright.*
>
> 54. The following countries have employed the term 'authorises' in their copyright legislation:
>
> (1) s 16(2) of UK's Copyright, Designs and Patents Act 1988;
>
> (2) s 31(1) of Singapore's Copyright Act; and
>
> (3) s 36(1) of Australia's Copyright Act 1968.
>
> It is to be noted that s 51(a)(ii) of India's Copyright Act 1957 uses the term 'permits'.
>
> 55. *My research reveals the use of the term 'causes' in the following cases which do not involve copyright infringement*:
>
> (1) *in a High Court case regarding the repealed Motor Vehicles (Commercial Use) Regulations, Tan Teik Leong v R* [1956] 1 MLJ 14 at p 15, Spenser Wilkinson J adopted Goddard CJ's decision in the English Divisional Court case of *Shave v Rosner* [1954] 2 WLR 1057 at p 1060, as follows:
>
> *The expressions 'causing' and 'permitting' in connection with the use of motor vehicles are discussed in the case of Shave v Rosner* [1954] 2 WLR 1057. *The Lord Chief*

Justice in that case put the matter very clearly when he said (at p 1060):

> *When those two expressions 'causes or permits' are found in contrast or juxtaposition, 'permits' means giving leave and licence to somebody to use the car, and 'causes' involves a person who has authority to do so ordering or directing someone to use it. If I allow a friend of mine to use my motor-car, I am permitting him to use it. If I tell my chauffeur to bring my car round and drive me to the Courts, I am causing the car to be used*. (Emphasis added); and

(2) in an election petition, *Ali Amberan v Tunku Abdullah* [1970] 2 MLJ 15 at p 17, Raja Azlan Shah (as he then was) in the High Court followed, among others, the English House of Lords' judgment in *McLeod v Buchanan* [1940] 2 All ER 187 and decided as follows:

> The petitioner had, therefore, to fall back upon the words 'cause to be printed'. *To cause a thing to be done is the same thing as to be the causa causans. Causa causans is the real effective cause as contrasted with the sine qua non which is merely an incident which precedes in the history or narrative of event*. ... Putting it in a simplified form, *to 'cause to be printed' involves some express or positive mandate from the person 'causing' to the other person, or some authority from the former to the latter, arising in the circumstances of the case* (see *McLeod (or Houston) v Buchanan* [1940] 2 All ER 187). (Emphasis added.)

56. I am of the view that the term 'causes' in the second limb should be construed along the lines of cases elaborated in the above para 55. It is my hope that the legislature may consider replacing the term 'causes' with the word 'authorises' in the second limb so as to bring our copyright legislation to be consistent with copyright statutes of UK, Singapore and Australia.

57. *Adopting the cases explained in the above para 55, I hold that a person (V) commits copyright infringement under the second limb when V 'causes' another person (W) to commit copyright infringement under the first limb in the following circumstances*:

(1) *V has authority over W and V orders or directs W to commit copyright infringement under the first limb — please see Tan Teik Leong and Shave; or*

(2) *V has an express or positive mandate to cause W to commit copyright infringement under the first limb and V has caused W to do so — please see Ali Amberan and McLeod*. (Emphasis added.)

[68] Firstly, I am of the view that the second defendant is personally responsible for the first defendant's copyright infringement because the court has pierced the first defendant's corporate veil to reveal that the second defendant is the controller, alter ego and 'directing mind and will' of the first defendant — please see the above para 37,

[69] Additionally or alternatively, I have no hesitation to find that the first defendant's copyright infringement is 'caused' by the second defendant because only the second defendant has the authority, express or positive mandate over

the first defendant and he has ordered and/or directed the first defendant to commit first defendant's copyright infringement (under the first limb). This finding is supported by the fact the second defendant is one of the four co-authors of the first plaintiff's rice packagings (please see the above para 51) and had access to the first plaintiff's rice packagings. Consequently, the first defendant's copyright infringement could not have been committed without the second defendant's pivotal role.

M(5). Injunctive relief for copyright infringement

[70] I will discuss the remedy of damages for copyright infringement later in this judgment (please see Part U below).

[71] Sections 37(1) of the CA, ss 51(2), 52(1) and 53 of the SRA provide as follows:

s 37 *Action by owner of copyright and relief*

(1) CA *Infringements of copyrights and the prohibited acts under* sections 36A and 36B *shall be actionable at the suit of the owner of the copyright and, in any action for such an infringement or prohibited act, the court may grant the following types of relief*:

(a) *an order for injunction*;

(b) *damages*;

(c) an account of profits

(d) *statutory damages of not more than twenty-five thousand ringgit for each work, but not more than five hundred thousand ringgit in the aggregate*; *or*

(e) *any other order as the court deems fit*.

SRA

s 51(2) *A perpetual injunction can only be granted by the decree made at the hearing and upon the merits of the suit; the defendant is thereby perpetually enjoined from the assertion of a right, or from the commission of an act, which would be contrary to the rights of the plaintiff.*

s 52(1) *Subject to the other provisions contained in, or referred to by, this Chapter, a perpetual injunction may be granted to prevent the breach of an obligation existing in favour of the applicant, whether expressly or by implication.*

ILLUSTRATIONS

...

(s) *A pirates B's copyright. B may obtain an injunction to restrain the piracy, unless the work of which copyright is claimed is libellous or obscene.*

(t) *A improperly uses the trade mark of B. B may obtain an injunction to restrain the user, provided that B's use of the trade mark is honest.*

Mandatory injunctions

s 53 *When, to prevent the breach of an obligation, it is necessary to compel the performance of certain acts which the court is capable of enforcing, the court may in its discretion grant an injunction to prevent the breach complained of, and also to compel performance of the requisite acts*.

ILLUSTRATIONS

...

(g) *In the cases put as illustrations (s) and (t) to section 52*, and as illustrations (e) and (f) to this section, *the court may also order the copies produced by piracy, and the trade marks*, statements, and communications, *therein respectively mentioned*, *to be* given up or *destroyed*. (Emphasis added.)

[72] The court has a discretion under s 37(1)(a) of the CA read with ss 51(2), 52(1) and illustration (s) to s 52 of the SRA to grant a perpetual injunction to restrain defendants from infringing first plaintiff's copyright in the works and I so order.

[73] Pursuant to s 37(1)(a) of the CA read with s 53 of the SRA and its illustration (g), the court has a discretion to issue a perpetual mandatory injunction to order the destruction of the first defendant's rice packagings which have infringed the first plaintiff's copyright in the works ('infringing rice packagings') — *Philip Morris Brands Sarl v Goodness for Import and Export & Ors* [2018] 7 MLJ 350; [2017] 5 AMR 157 at para 66. Hence, I grant a perpetual mandatory injunction to order the destruction of infringing rice packagings at the defendants' expense.

[74] The question that now arises is whether the court may grant a perpetual mandatory injunction to compel the second defendant to withdraw the second defendant's copyright notifications. I am of the view the court has a discretion to do so pursuant to s 37(1)(a) and/or (e) (any other order as the court deems fit) CA read with s 53 of the SRA. This discretion is exercised in this case to ensure that any person who examines the copyright register under s 26B(4) of the CA is not misled to believe and/or act upon untrue particulars given in the second defendant's copyright notifications.

[75] I have not overlooked s 26C of the CA which provides as follows:

26C *Amendments to the Register of Copyright*

(1) The controller may correct any clerical error in any entry made in the Register of Copyright.

(2) *Any interested person may apply to the court for an order to* —

(a) correct any error in an entry in the Register; or

(b) *expunge* or amend *any entry wrongly made in or remaining in the Register*,

and any correction, expungement or amendment made under this section shall be effective from such date as the court may order.

(3) *For the purpose of this section, 'court' means the appropriate High Court in Malaysia*. (Emphasis added.)

If an application is made to the High Court under s 26C(2) of the CA by an 'interested person', the court may correct, expunge or amend any entry in the Copyright Register. Such an avenue, in my opinion, is open to the plaintiffs in this case to expunge the entries in the Copyright Register made pursuant to the second defendant's copyright notifications.

O(1). Who was first and bona fide user of marks in the course of trade (first user)?

[76] Azahar Mohamed FCJ has explained in the Federal Court case of *Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)* [2015] 6 MLJ 465 at paras 32, 37–38 and 46–47 as follows:

(1) common law ownership of a mark does not depend on who created the mark but depends on who is the first user of the mark; and

(2) the first user of a mark is the common law proprietor of the mark and is thereby entitled to apply to the registrar to register the mark under s 25(1) of the TMA.

[77] I have no hesitation to accept the second plaintiff's evidence that she had created Faiza mark because that mark is based on her name. Furthermore, the second plaintiff has also incorporated Faiza marketing based on her name. I also find as a fact that the second plaintiff is the first user of Faiza mark on rice products based on the following evidence and reasons:

(1) the records under RBA proved that the second plaintiff had commenced business in the name of Sykt Faiza on 11 February 1980 as a wholesaler in, among others, rice;

(2) the second plaintiff adduced a photograph taken in 1987 of a van which advertised the words 'Hajah Faiza Bawumi bt Sayed Ahmad T/A Sykt Faiza' on the door of the van's driver. Such a photograph showed that the second plaintiff had used Faiza mark in the course of trade even before the incorporation of first plaintiff; and

(3) Puan Siti and her husband, Encik Ahmad, testified that they had worked for the second plaintiff in the 1970s. Puan Siti and Encik Ahmad, among others, packed the second plaintiff's spices with Faiza name.

I am mindful that Faiza mark was first used by second plaintiff for spices and not for rice. This is because second plaintiff started trading in spices with Faiza mark and when she subsequently traded in rice, she continued

to used that mark for her rice products. The fact that the second plaintiff had first used Faiza mark for spices did not negative the factual finding that she was also the first user of Faiza mark for rice products.

[78] Despite the fact that the second plaintiff was the first user of Faiza mark, after the first plaintiff's incorporation on 19 August 1992, the second plaintiff had allowed the first plaintiff to use Faiza mark on the its rice products in the course of trade. This is understandable as the second plaintiff was the sole founder of the first plaintiff (please see the above sub-para 42(2)).

[79] According to Puan Jadwa, the first plaintiff has first used in good faith in the course of trade, among others, Taj Mahal TM and Faiza Emas TM on the first plaintiff's rice products in 1999. I accept Puan Jadwa's evidence which is supported by documentary evidence, including a newspaper report in 'Berita Minggu' dated 3 September 2000 entitled 'Beras untuk penghidap diabetes' (which had referred to the Taj Mahal TM used on the first plaintiff's rice products).

[80] The first plaintiff has proven on a balance of probabilities that it has first used in good faith in the course of trade Moghul TM in 2002. This decision is premised on the documentary evidence presented by Puan Jadwa, including the first plaintiff's letter dated 29 December 2003 (exh P54) to the registrar which was signed by Encik Fazaruddin as the first plaintiff's sales manager.

[81] Faiza logo TM has been created by the first plaintiff (please see the above para 56). I accept the second plaintiff's evidence that the first plaintiff had first used Faiza logo TM in the course of trade on first plaintiff's rice packagings in 2010. The second plaintiff's evidence is corroborated by the following testimonies:

(1) Encik Farid is an independent witness who has received an email dated 22 November 2010 from Mr Fawad (which attached Faiza logo TM); and

(2) the first plaintiff's letter dated 23 September 2010 to BERNAS used Faiza logo TM. It is to be noted that this letter had been signed by the second defendant on behalf of the first plaintiff as its GM.

[82] Premised on the evidence and reasons stated in the above paras 79–81, the first plaintiff is the first user of all of the plaintiffs' registered trademarks. Accordingly, the first plaintiff is entitled to register the plaintiffs' registered trademarks under s 25(1) of the TMA. I am aware that three of the plaintiffs' registered trademarks are in the name of the second plaintiff ('three registered trademarks). I am of the view that nothing material turns on this fact because the second plaintiff had admitted during cross-examination that the three

registered trademarks belong to the first plaintiff. Consequently, the first plaintiff (not the second plaintiff) should be the beneficiary of all relief granted in respect of the enforcement of the three registered trademarks.

O(2). Whether defendants can expunge plaintiffs' registered trademarks from register

[83] The relevant parts of ss 14, 36, 37 and 45 of the TMA provide as follows:

> s 14 *Prohibition on registration*
>
> (1) *A mark or part of a mark shall not be registered as a trade mark —*
>
> (a) *if the use of which is likely to deceive or cause confusion to the public or would be contrary to law;*
>
> (b) *if it … would otherwise not be entitled to protection by any court of law*; …
>
> s 36 *Registration prima facie evidence of validity*
>
> *In all legal proceedings relating to a registered trade mark (including applications under section 45) the fact that a person is registered as proprietor of the trade mark shall be prima facie evidence of the validity of the original registration of the trade mark and of all subsequent assignments* and transmissions thereof.
>
> s 37 *Registration conclusive*
>
> *In all legal proceedings relating to a trade mark registered in the Register (including applications under section 45) the original registration of the trade mark under this Act shall, after the expiration of seven years from the date thereof, be taken to be valid in all respects unless it is shown —*
>
> (a) *that the original registration was obtained by fraud*;
>
> (b) *that the trade mark offends against* section 14; *or*
>
> (c) *that the trade mark was not, at the commencement of the proceedings, distinctive of the goods* or services *of the registered proprietor,*
>
> …
>
> s 45 *Rectification of the Register*
>
> (1) *Subject to the provisions of this Act —*
>
> (a) *the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as if thinks fit*; … (Emphasis added.)

[84] Firstly, the defendants are 'aggrieved' by the plaintiffs' registered trademarks within the meaning of s 45(1)(a) of the TMA. This is because the plaintiffs have claimed relief from the defendants for infringement of the

plaintiffs' registered trademarks. As such, the defendants' 'legal interest, right or legitimate expectation' is adversely and substantially affected by the plaintiffs' registered trademarks — please see *Mesuma Sports* at para 28. The defendants have the locus standi under s 45(1)(a) of the TMA to apply to expunge the plaintiffs' registered trademarks from the register ('the defendants' expungement application').

[85] Secondly, according to s 36 of the TMA, all of the plaintiffs' registered trademarks and two assignments (Taj Mahal TM and Faiza TM) are prima facie valid. Furthermore, Taj Mahal TM and Moghul TM have been registered for more than seven years before the filing of the counterclaim. As such, the registrations of Taj Mahal TM and Moghul TM are deemed valid under s 37 of the TMA unless the defendants can prove any one of the three exceptions in s 37(a)–(c) of the TMA — please see the judgment of James Foong JCA (as he then was) in the Court of Appeal case of *Bata Ltd v Sim Ah Ba @ Sim Teng Khor & Ors (trading as Kheng Aik Trading)* [2006] 6 MLJ 445; [2006] 3 CLJ 393 at para 18.

[86] Thirdly, s 45(1)(a) of the TMA provides the following two grounds for the court to expunge or vary any entry in the register:

(1) when a trademark is registered 'without sufficient cause'; or

(2) when a registered trademark wrongfully remains in the register

— please see Lord Diplock's judgment in the House of Lords case of *General Electric Co v The General Electric Co Ltd* [1972] 2 All ER 507 regarding s 32(1) of the UK's Trade Marks Act 1938 ('the TMA 1938 (UK)'). Section 32(1) of the TMA 1938 (UK) is similar to our s 45(1)(a) of the TMA.

Based on *General Electric Co* at p 526, the relevant date to decide:

(a) whether a a trademark is registered 'without sufficient cause' is the date of registration of the trademark; and

(b) whether a registered trademark wrongfully remains in the register is the date of the filing of the expungement application.

It was decided in *General Electric Co*, at p 576, as follows:

> ... *the legal status under [TMA 1938 (UK)] of a registered trade mark the use of which is likely to cause confusion can be summarised as follows*: (1) *The fact that the mark is entered on the register is prima facie evidence of the validity of the original registration and of the right of the registered proprietor to the exclusive use of the mark*, subject however to the rights of concurrent user by any registered proprietor of an identical mark or one nearly resembling it. (2) *If the mark was likely to cause confusion at the time when it was first registered it may be expunged from the register as an 'entry made in the register without sufficient cause' unless the proprietor of the mark at that time would have been entitled to have it entered on the register by reason of his honest*

concurrent use of the mark as a trade mark before the original registration of the mark. (3) *If the likelihood of causing confusion did not exist at the time when the mark was first registered, but was the result of events occurring between that date and the date of application to expunge it, the mark may not be expunged from the register as an entry wrongly remaining on the register, unless the likelihood of causing deception resulted from some blameworthy act of the registered proprietor of the mark or of a predecessor in title of his as registered proprietor.* ... (Emphasis added.)

[87] Regarding Taj Mahal TM and Moghul TM, I am of the view that the defendants have failed to discharge the burden to prove on a balance of probabilities that the original registrations of Taj Mahal TM and Moghul TM had been obtained by fraud within the meaning of s 37(a) of the TMA.

[88] I accept the defendants' contention that the court may expunge a registered trademark from the register under s 45(1)(a) of the TMA on the ground that the registered trademark is likely to deceive or confuse the public ('likelihood of confusion/deception') under s 14(1)(a) of the TMA. Section 37(b) of the TMA also refers to s 14 of the TMA as a ground to invalidate a trademark which has been registered for more than seven years.

[89] I find as a fact that there is no ground to expunge any of the plaintiffs' registered trademarks on the ground of likelihood of confusion/deception because:

(1) the first defendant started to use the first defendant's marks on its rice products in November 2015, long after the registration of the plaintiffs' registered trademarks. Accordingly, at the time of registration of plaintiffs' registered trademarks, there was no likelihood of confusion/deception between the use of the plaintiffs' registered trademarks and the first defendant's marks. In other words, at the time of registration, the plaintiffs' registered trademarks had not been registered 'without sufficient cause' within the meaning of s 45(1)(a) of the TMA; and

(2) after the registration of plaintiffs' registered trademarks, there is likelihood of confusion/deception between the use of plaintiffs' registered trademarks and first defendant's marks (please see Part O(3) below). This likelihood of confusion/deception is not caused by 'some blameworthy act' of the plaintiffs as explained in *General Electric Co*. On the contrary, the likelihood of confusion/deception is caused by the defendants' blameworthy acts as follows:

(a) the defendants' infringement of plaintiffs' registered trademarks (please see Part O(3) below); and/or

(b) the commission of the tort of passing off by the defendants (please

see Part P below).

As the likelihood of confusion/deception is not caused by plaintiffs' blameworthy act, the plaintiffs' registered trademarks do not wrongfully remain in the register on the date of the filing of the counterclaim so as to justify the court's expungement of the plaintiffs' registered trademarks from the register pursuant to s 45(1)(a) of the TMA.

[90] I accept the defendants' submission that if the first plaintiff's rice packagings and Faiza logo have infringed the second defendant's copyright, the court has the power under s 45(1)(a) of the TMA to expunge the plaintiffs' registered trademarks from the register under para (a) (would be contrary to law) and/or para (b) (would otherwise not be entitled to protection by any court of law) of s 14(1) of the TMA. The following cases support the above construction of s 14(1)(a) and/or (1)(b) read with s 45(1)(a) of the TMA:

(1) Whitford J's judgment in the English High Court case of *Karo Step Trade Mark, Re* [1977] RPC 255 at p 273. *Karo Step* concerned s 11 of the TMA 1938 (UK) which was similar to s 14(1)(a) and (1)(b) of the TMA. Section 11 of the TMA 1938 (UK) provided as follows:

> *It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law* or morality, or any scandalous design. (Emphasis added.); and

(2) *Karo Step* has been followed by Chao Hick Tin J (as he then was) in the Singapore High Court in *Re Auvi Trademark; Auvi Pte Ltd v Seah Siew Tee & Anor* [1992] 1 SLR 639.

[91] As explained in the above paras 51–56, the first plaintiff (not the second defendant) owns the copyright in first plaintiff's rice packagings and Faiza logo. Accordingly, the second defendant cannot rely on his copyright ownership in first plaintiff's rice packagings and Faiza logo to expunge plaintiffs' registered trademarks from the register under s 14(1)(a) and/or (b) read with s 45(1)(a) of the TMA.

[92] The defendants had not adduced any evidence to prove that on the date of the filing of the counterclaim, the plaintiffs' Registered trademarks were not distinctive of the first plaintiff's rice products. Hence, the defendants could not rely on s 37(c) of the TMA to expunge Taj Mahal TM and Moghul TM from the register.

[93] Based on the above evidence and reasons, the defendants' expungement application is dismissed with costs.

O(3). Have defendants infringed plaintiffs' registered trademarks?

[94] Section 38(1)(a) of the TMA provides as follows:

> s 38(1) *A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either —*
>
> (a) *as being use as a trade mark*; ... (Emphasis added.)

[95] In *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63 at p 65; [1992] 1 CLJ Rep 344 at p 346, Mohd Yusoff Mohamad SCJ decided as follows in the Supreme Court:

> *Under s 38 of the Trade Marks Act, a registered trade mark is infringed by a person who uses a mark which:*
>
> (a) *is identical with it; or*
>
> (b) *so nearly resembling it as is likely to deceive; or*
>
> (c) *so nearly resembling it as is likely to cause confusion.* (Emphasis added.)

[96] In the High Court case of *Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd* [2009] 5 MLJ 703; [2012] 10 CLJ 507 at paras 83–84, Low Hop Bing J (as he then was) explained the five elements of trademark infringement under s 38(1)(a) of the TMA ('trademark infringement') as follows:

(1) the defendant is neither the registered proprietor nor the registered user of the trademark;

(2) the defendant uses a mark which is identical or so nearly resembles the plaintiff's registered trademark as is likely to deceive or confuse (likelihood of confusion/deception);

(3) the defendant uses the offending mark in the course of trade;

(4) the defendant uses the offending mark in relation to goods or service within the scope of registration of the plaintiff's registered trademark; and

(5) the defendant uses the offending mark in such a manner as to render the use likely to be taken either as being used as a trademark or as importing a reference to the registered proprietor or the registered user or to their goods or services.

[97] It is clear that the first defendant:

(1) is neither the registered proprietor nor the registered user of the plaintiffs' registered trademarks;

(2) has used the first defendant's marks in the course of trade;

(3) has used the first defendant's marks in relation to rice products within the scope of the registration of the plaintiffs' registered trademarks; and

(4) has used the first defendant's marks in such a manner as to render the use likely to be taken either as being used as a trademark or as importing a reference to the first plaintiff or the first plaintiff's rice products.

[98] The only question regarding trademark infringement in this case is whether the first defendant has used the first defendant's marks on the first defendant's rice products which so nearly resemble the plaintiffs' registered trademarks whereby there is a likelihood of confusion/deception.

[99] In deciding whether there is a likelihood of confusion/deception under s 38(1)(a) of the TMA, parties are not required to adduce evidence from the consumers and retailers of the goods or service in question ('consumers/retailers'). Nor are parties required to call experts to give their expert views on likelihood of confusion/deception. This decision is premised on the following reasons:

(1) in *Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor (Registrar of Trade Marks, intervener)* [2015] 4 MLJ 166; [2015] 4 CLJ 20 at para 29, Zulkefli Makinudin CJ (Malaya) (as he then was) decided as follows in the Federal Court:

> [29] Further, *we are of the view that even if the Registrar gives evidence, the determination of whether there is likelihood of confusion still lies with the court. The question of whether there is a real likelihood of deception of the public is ultimately one for the court to decide* ... (Emphasis added.);

(2) in a trademark infringement, a plaintiff is only required to prove a likelihood of confusion or deception, not actual confusion or deception. This is clear from the following High Court decisions:

   (a) *Leo Pharmaceutical Products* at paras 98, 100 and 102; and

   (b) Azahar Mohamed J's (as he then was) judgment in *Danone Biscuits Manufacturing (M) Sdn Bhd (formerly known as Britania Brands (M) Sdn Bhd) v Hwa Tai Industries Bhd* [2010] 8 MLJ 500 at para 16;

(3) expert evidence regarding an issue is not relevant when the court is able to decide on that issue — please see *Motordata Research Consortium* at sub-para 30(2); and

(4) if parties adduce evidence from consumers/retailers or experts on likelihood of confusion/deception, this will unnecessarily increase costs and prolong the trial.

[100] In view of the above reasons, evidence from consumers/retailers called by all parties in this case regarding whether consumers/retailers are actually confused or deceived by rice products bearing the first plaintiff's registered trademarks and those with the first defendant's marks, is not relevant in the court's determination of likelihood of confusion/deception. Having said that, actual confusion or deception may be relevant to the question of loss or damage caused by trademark infringement and whether the court should award exemplary or aggravated damages.

[101] The plaintiffs bear the legal burden to prove on a balance of probabilities a real likelihood of confusion/deception due to the use of first defendant's marks — *Ho Tack Sien* at para 29. I find as a fact that plaintiffs have discharged this burden to prove that the public is likely to be confused and/or deceived to believe that first defendant's rice products bearing first defendant's marks originate from first plaintiff and/or is associated with first plaintiff's rice products bearing plaintiffs' registered trademarks. This decision is based on the following evidence and reasons:

(1) regarding first defendant's use of Faiz logo on its rice products (second defendant had applied to the register to register Faiz logo):

(a) a visual comparison between Faiz logo and Faiza logo TM shows striking similarities between them (please see the above sub-para 61(1) and Annexure A); and

(b) the pronunciation of both marks sounds similar. In the Court of Appeal case of *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* [2004] 4 MLJ 358 at pp 364–365; [2004] 3 CLJ 815 at pp 823–824, Nik Hashim JCA (as he then was) applied a phonetical approach.

I am of the view that the difference of a letter 'A' between the two marks is immaterial and does not disabuse a reasonable consumer/retailer from the likelihood of confusion and/or deception regarding the use of both marks.

(2) in respect of first defendant's use of Mughal mark on its rice products:

(a) a visual examination of Mughal mark and Moghul TM shows the following striking similarities (please see Annexure F):

(i) both marks have the same letters 'M', 'G', 'H' and 'L' in upper case letters;

(ii) both marks have the same letters in the same sequence 'FAIZ' in upper case letters; and

(iii) both marks have the same word 'BASMATHI' in upper case letters.

(b) the pronunciation of both marks sounds similar because the syllable 'MU' sounds like 'MO' while the pronunciation of the syllable 'GHUL' is akin to 'GHAL'; and

(c) both marks have the same meaning according to *Oxford Dictionary* (10th Ed) at p 916.

I acknowledge that there are differences between both marks, namely the yellow and blue colours of Mughal mark (Moghul TM is in black colour) and differences regarding two letters in both marks. These differences do not prevent a real likelihood of confusion/deception because of the visual and phonetical similarities of both marks. Furthermore, both marks have the same meaning in English;

(3) regarding first defendant's use of Faiz Emas mark on its rice products:

(a) a visual comparison between Faiz Emas mark and Faiza Emas TM shows the following striking similarities (please see Annexure G):

(i) both marks have the same word 'EMAS' in upper case letters; and

(ii) the first word of both marks have the same four letters ('F', 'A', 'I' and 'Z') in the same sequence and in upper case letters; and

(b) the pronunciation of both marks sounds similar.

There are three differences between both marks, namely, Faiz Emas mark is in green colour (Faiza Emas TM is in black colour), in italics (unlike Faiza Emas TM) and does not have a letter 'A'. Despite these differences, there is a real likelihood of confusion/deception due to the above similarities, visually and aurally;

(4) concerning first defendant's use of Faiz mark on its rice products:

(a) an ocular examination of Faiz mark and Faiza TM (please see Annexure H) shows that both marks have the same four letters ('F', 'A', 'I' and 'Z') in the same sequence, in black colour and in upper case letters. The only difference is that Faiz mark does not have the word 'A'; and

(b) when both marks sounds are pronounced, they sound similar;

(5) regarding first defendant's use of Faiz Rice For Health mark on its rice products:

(a) when Faiz Rice For Health mark is visually examined together with Faiza Rice For Life TM (please see Annexure I), the following striking similarities emerge:

(i) both marks have two identical words, 'RICE FOR', in the same sequence and in upper case letters;

(ii) the first word of both marks have the same four letters ('F', 'A', 'I' and 'Z') in the same sequence, same prominence (more prominent than the other words) and in upper case letters;

(iii) all the words in both marks are in the same black colour and the same font; and

(iv) both marks have a similar layout; and

(b) the pronunciation of both marks is confusingly similar because the difference in the last word is insignificant as compared to the pronunciation of the first three words in both marks.

There is only one difference between both marks, namely, Faiz Rice For Health mark uses the word 'HEALTH' while Faiza Rice For Life TM uses the word 'LIFE'. This sole difference does not prevent the existence of a real likelihood of confusion/deception due to the above similarities, visually and phonetically;

(6) as explained by Romer J (as he then was) in the English High Court case of *Re Jellinek's Application* (1946) 63 RPC 59 at p 70, there is a similarity of description between the rice products of first plaintiff and first defendant;

(7) in *Tohtonku* at p 347, the Supreme Court applied Parker J's (as he then was) decision in the English High Court case of *Re Pianotist Co's Application* (1906) 23 RPC 774 and considered the nature of consumers of the goods in question. The consumers of the rice products of first plaintiff and first defendant are the same;

(8) as decided in *Re Jellinek's Application* at p 70, the distributors, dealers and retailers of the rice products of first plaintiff and first defendant are the same;

(9) there is a similarity of idea or concept between plaintiffs' registered trademarks and first defendant's marks — please see the Privy Council's judgment delivered by Lord Fraser in an appeal from New Zealand, *Solavoid Trade Mark* [1977] RPC 1 at p 30; and

(10) applying the 'general recollection test' as explained by Thomson LP in the Federal Court case of *MI & M Corporation & Anor v A Mohamed Ibrahim* [1964] 1 MLJ 392 at p 394, I find that a reasonable consumer/retailer with an average memory and an imperfect recollection, is likely to be deceived and/or confused between plaintiffs' registered trademarks and first defendant's marks; and

(11) according to the Court of Appeal's judgment in *Bata Ltd* at p 407,

the court should consider all the surrounding circumstances regarding the use of plaintiff's registered trademarks and first defendant's marks. The following circumstances support the finding that the use of first defendant's marks has infringed plaintiffs' registered trademarks:

(a) the second defendant was the first plaintiff's GM who knew of the first user of plaintiffs' registered trademarks by first plaintiff. The second defendant also knew about the registration of plaintiffs' registered trademarks and the renewal of the registration of Moghul TM. Such a knowledge is imputed to the first defendant because the second defendant is the controller, alter ego and 'directing mind and will' of the first defendant (please see the above para 37); and

(b) the first defendant changed its name from BMSB to its present name so as to 'justify' the trademark infringement;

[102] As the second defendant is the controller, alter ego and 'directing mind and will' of the first defendant, he is personally liable for the trademark infringement committed by the first defendant.

O(4). Are plaintiffs estopped from enforcing plaintiffs' registered trademarks?

[103] Mr Michael Soo has contended, among others, that the plaintiffs are estopped from claiming for trademark infringement in this case. A host of cases on the application of equitable estoppel has been cited in support of this contention.

[104] With respect, I am unable to accede to the above submission for the following reasons:

(1) s 40(1)(a)–(1)(f) and (2) of the TMA have expressly provided for defences to a trademark Infringement suit. I reproduce s 40(1)(a)–(1)(f) and (2) of the TMA as follows:

s 40 *Acts not constituting infringement*

(1) *Notwithstanding anything contained in this Act, the following acts do not constitute an infringement of a trade mark —*

(a) the use in good faith by a person of his own name or the name of his place of business or the name of the place of business of any of his predecessors in business;

(b) the use in good faith by a person of a description of the character or quality of his goods or services, and in the case of goods not being a description that would be likely to be taken as importing any reference as is mentioned in para 38(1)(b) or para 56(3)(b);

(c) the use by a person of a trade mark in relation to goods or services in

respect of which he has by himself or his predecessors in business, continuously used the trade mark from a date before —

(i) the use of the registered trade mark by the registered proprietor, by his predecessors in business or by a registered user of the trade mark; or

(ii) the registration of the trade mark, whichever is the earlier;

(d) in relation to goods connected in the course of trade with the registered proprietor or a registered user of the trade mark if, as to those goods or a bulk of which they form part, the registered proprietor or the registered user in conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it or has at any time expressly or impliedly consented to the use of the trade mark;

(dd) the use by a person of a trade mark in relation to goods or services to which the registered proprietor or registered user has at any time expressly or impliedly consented to;

(e) the use of the trade mark by a person in relation to goods or services adapted to form part of, or to be accessory to, other goods or services in relation to which the trade mark has been used without infringement of the right given or might for the time being be so used, if the use of the trade mark is reasonably necessary in order to indicate that the goods or services are so adapted and neither the purpose nor the effect of the use of trade mark is to indicate otherwise than in accordance with the facts a connection in the course of trade between any person and the goods or services; and

(f) the use of a trade mark, which is one of two or more registered trade marks which are substantially identical, in exercise of the right to the use of that trade mark given by registration as provided by this Act.

(2) Where a trade mark is registered subject to conditions, amendments, modifications or limitations, the trade mark is not infringed by the use of the trade mark in any manner in relation to goods to be sold or otherwise traded in in a place or in relation to goods to be exported to a market or in relation to services to be provided in a place or in any other circumstances to which having regard to those conditions, amendments, modifications or limitations the registration does not extend. (Emphasis added.)

The wording of s 40(1)(a)–(1)(f) and (2) of the TMA attracts the application of the maxim of construction, *expressio unius est exclusio alterius*, namely the express mention of one matter, implies the exclusion of all matters which have not been mentioned. An application of this maxim is demonstrated in the Federal Court's judgment delivered by Nik Hashim FCJ in *Jamaluddin bin Mohd Radzi & Ors v Sivakumar a/l Varatharaju Naidu (claimed as Yang Dipertua Dewan Negeri Perak Darul Ridzuan), Election Commission, intervener* [2009] 4 MLJ 593 at pp 605–606. Based on the the maxim of construction, *expressio unius est exclusio alterius*, the equitable

estoppel doctrine is excluded as a defence to a trademark Infringement action because such a defence is not expressly provided in s 40(1)(a)–(1)(f) and (2) of the TMA;

(2) Parliament has amended s 40 of the TMA by way of Trade Marks (Amendment) Act 1994 (Act A881). Parliament could have easily introduced equitable estoppel as a defence in s 40 of the TMA by way of Act A881 but Parliament did not choose to do so;

(3) s 3 of the Civil Law Act 1956 ('the CLA') provides as follows:

> s 3 *Application of U.K. common law, rules of equity and certain statutes*
>
> (1) *Save so far as other provision has been made or may hereafter be made by any written law in force in Malaysia, the Court shall —*
>
> (a) *in Peninsular Malaysia or any part thereof, apply the common law of England and the rules of equity as administered in England on the 7 April 1956*; ... (Emphasis added.)

It is clear from the opening words in s 3(1) of the CLA that any application of English rules of equity is subject to Malaysian written law — please see the Federal Court's judgment delivered by Augustine Paul JCA (as he then was) in *Danaharta Urus Sdn Bhd v Kekatong Sdn Bhd (Bar Council Malaysia, Intervener)* [2004] 2 MLJ 257 at pp 265–266. Accordingly, the defendants cannot resort to the equitable estoppel doctrine in the face of express provisions of Malaysian written law in s 40(1)(a)–(1)(f) and (2) of the TMA;

(4) there is an equitable doctrine that equity follows the law (the application of equity shall be subject to the operation of statutes) — please see Chang Min Tat J's (as he then was) decision in the High Court case of *Wong Kim Fatt v Leong & Co Sdn Bhd & Anor* [1976] 1 MLJ 140 at p 142. As such, the defendants cannot rely on equitable estoppel in view of express provisions of s 40(1)(a) to (1)(f) and (2) of the TMA; and

(5) none of the cases cited by Mr Michael Soo concerns trademark infringement.

[105] Alternatively, even if equitable estoppel operates as a defence to a trademark infringement action, the following three equitable maxims apply to disentitle the defendants from relying on such a defence:

(1) one who comes to equity must come with clean hands — please see the High Court's judgment given by Low Hop Bing J (as he then was) in *Natseven TV Sdn Bhd v Television New Zealand Limited* [2001] MLJU 511; [2001] 4 AMR 4648 at p 4666;

(2) one who seeks equity must do equity; and

(3) no person should take advantage of his or her own wrong — please see

A Ian Chin J's judgment in the High Court case of *Hock Hua Bank (Sabah) Bhd v Lam Tat Ming & Ors* [1995] 4 MLJ 328 at p 344.

I am of the view that the following inequitable conduct by the defendants, disentitle them from relying on equitable estoppel as a defence in this case:

B (a) second defendant affirmed a false SD in exh D52 (please see the above para 27(1));

(b) first defendant changed its name to its present name on 2 January 2014 when the second defendant was still the first plaintiff's GM. In other
C words, before the first defendant commenced rice business in November 2015, the second defendant already had a pre-meditated intention for the first defendant to ride on the first plaintiff's goodwill in Faiza TM, Faiza logo and Faiza trade name;

D (c) second defendant was warned by the second plaintiff on 13 September 2015 (exh P1) that he should not copy Faiza's brand and he should have created his own trade name and logo. Despite such a warning, the first defendant (controlled by second defendant) proceeded to use Faiz logo, Faiz mark and Faiz corporate name;

E (d) first defendant suppressed material evidence (in the form of a CD) in this trial (please see sub-para 20(1)); and

(e) the first defendant gave less than honest testimony against his own mother (second plaintiff) regarding the defendant's shares and
F monetary claims, alleged oral agreement and even alleged that he was one of the co-founders of first plaintiff.

O(5). Injunctive relief for trademark Infringement

G **[106]** The remedy of damages for trademark infringement will be discussed in Part U below.

[107] In view of the defendants' infringement of plaintiffs' registered trademarks ('defendants' trademark infringement'), I exercise my discretion to
H grant the following perpetual injunctions:

(1) a perpetual prohibitory injunction is given under ss 51(2), 52(1) and illustration (t) to s 52 of the SRA to restrain defendants' trademark infringement;

I (2) a perpetual mandatory injunction is granted under s 53 of the SRA and its illustration (g) to order the destruction of all products and materials of the defendants which infringe plaintiffs' registered trademarks (at the defendants' expense); and

(3) a perpetual mandatory injunction is granted under s 53 of the SRA to compel defendants to withdraw defendants' trademark applications from the registrar.

P. TORT OF PASSING OFF

P(1). Elements of tort of passing off

[108] Malaysian cases has shown the following three tests to decide whether a tort of passing off has been proven:

(1) the majority judgment of the Supreme Court delivered by Gunn Chit Tuan CJ (Malaya) in *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770 at p 781; [1994] 3 CLJ 7 at p 15, affirmed two tests of passing off as laid down by Lord Diplock and Lord Fraser in the House of Lords case of *Erven Warnink BV and others v J Townend & Sons (Hull) Ltd and others* [1979] AC 731. In *Erven Warnink*, Lord Diplock explained the five elements of the tort of passing off as follows:

(a) there is misrepresentation by a defendant;

(b) defendant's misrepresentation is made in the course of trade;

(c) defendant's misrepresentation is made to prospective or ultimate consumers of goods or services supplied by defendant;

(d) defendant's misrepresentation is calculated to injure the plaintiff's business or goodwill in the sense that this is a reasonably foreseeable consequence; and

(e) defendant's misrepresentation causes actual damage to the plaintiff's business or goodwill (Lord Diplock's Test).

Lord Fraser laid down the following five elements of the tort of passing off in *Erven Warnink*:

(i) plaintiff's business consists of, or includes, selling in England a class of goods to which the particular trade name applies;

(ii) the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England, the trade name distinguishes that class from other similar goods;

(iii) because of the reputation of the goods, there is goodwill attached to the name;

(iv) the plaintiff, as a member of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value; and

(v) the plaintiff has suffered, or is really likely to suffer, substantial

damage to his property in the goodwill by reason of the defendant selling goods which are falsely described by the trade name to which the goodwill is attached (Lord Fraser's test); and

(2) in *Sinma Medical Products* at para 33, Nik Hashim JCA (as he then was) applied Lord Oliver's test of passing off in the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc and others* [1990] 1 All ER 873 at p 880 as follows:

(a) plaintiff has goodwill or reputation attached to the goods or services which the plaintiff supplies in the mind of the purchasing public by association with the get up, brand name, trade description or features of labelling or packaging (which is distinctive of the plaintiff's goods or services);

(b) defendant has misrepresented to the public which leads or is likely to lead the public to believe that the defendant's goods or services are the goods or services of the plaintiff; and

(c) plaintiff must prove that he suffers, or in a *quia timet* action, he is likely to suffer damage by reason of the defendant's misrepresentation (Lord Oliver's test).

P(2). Goodwill

[109] Goodwill has been described by Lord MacNaghten in the House of Lords case of *The Commissioners of Inland Revenue v Muller & Co's Margarine Ltd* [1901] AC 217 at pp 223–224, as an 'attractive force which brings in custom'. Lord Parker in the House of Lords in *AG Spalding Brothers v AW Gamage Ltd* [1914-15] All ER Rep 147 at p 150, held that goodwill is attached to a business and not a mark, name or get up. Goodwill, unlike reputation, does not exist on its own but must be attached to a business — please see LP Thean JA's judgment in the Singapore Court of Appeal case of *CDL Hotels International Ltd v Pontiac Marina Pte Ltd* [1998] 2 SLR 550 at paras 45–50.

[110] I am satisfied that first plaintiff's Faiza trade name, get up of its rice products ('first plaintiff's get up') and Faiza domain name attract business and customers. Hence, first plaintiff has goodwill in its business associated with Faiza trade name, first plaintiff's get up and Faiza domain name (first plaintiff's goodwill). This is proven by the following evidence:

(1) there is documentary evidence regarding sales of first plaintiff's rice products bearing Faiza trade name and first plaintiff's get up;

(2) the first plaintiff has won many awards for its rice products bearing Faiza trade name and first plaintiff's get up. The earliest award is BERNAS' award dated 3 April 1999 to the first plaintiff; and

(3) the first plaintiff has advertised extensively its rice products bearing Faiza trade name and first plaintiff's get up through television, radio and newspapers.

[111] I am not able to accept the plaintiffs' contention that second plaintiff has joint ownership of first plaintiff's goodwill. This is because first plaintiff is a legal entity which is separate from second plaintiff and the two conditions have not been fulfilled so as to enable this court to lift first plaintiff's corporate veil (please see the above para 36).

P(3). Misrepresentation

[112] In deciding whether the first defendant had misrepresented to the public which leads or is likely to lead the public to believe that the first defendant's business and rice products are those of the first plaintiff ('misrepresentation issue'), I am of the view that parties are not required to adduce evidence from consumers/retailers. Nor are parties required to adduce expert evidence on the misrepresentation issue. I rely on Lord Parker's judgment in the House of Lords case of *AG Spalding Brothers v AW Gamage Ltd* [1914–15] All ER Rep 147 at p 152, as follows:

> ... *there can be no doubt that in a passing-off action the question whether the matter complained of is calculated to deceive, in other words, whether it amounts to a misrepresentation, is a matter for the judge, who, looking at the documents and evidence before him, comes to his own conclusion, and, to use the words of Lord MacNaghten in Payton & Co v Snelling, Lampard & Co (7)* [1901] AC 311 'must not surrender his own independent judgment to any witness whatever. (Emphasis added.)

It is to be noted that the above judgment by Lord Parker in *Spalding Brothers* has been approved by Gill CJ (Malaya) in the Federal Court case of *Boh Plantations Sdn Bhd v Gui Nee Chuan & Ors* [1975] 2 MLJ 213 at p 215. The above approach for the court to decide the misrepresentation issue without relying on evidence of consumers/retailers or experts, will ensure that a passing off suit is disposed of expeditiously and economically. I acknowledge that evidence of consumers/retailers or experts on actual confusion or deception may be relevant to the question of damage which has been suffered by a plaintiff as well as the type and quantum of damages to be awarded in a passing off action.

[113] This court finds as a fact that first defendant had misrepresented to the public which leads or is likely to lead the public to believe that first defendant's business and rice products are those of the first plaintiff ('first defendant's misrepresentation'). This finding regarding first defendant's misrepresentation is premised on the following evidence and reasons:

(1) there is no reason for the first defendant to change its corporate name from BMSB to 'Faiz' except with the sole intention to pass off first defendant's business and rice products are those of the first plaintiff;

(2) no genuine commercial reason has been adduced by first defendant on why Faiz trade name is used on its rice products. Accordingly, the inference to be drawn by this court is that first defendant has used Faiz trade name on its rice products with the intention to ride on first plaintiff's goodwill; and

(3) a visual and aural examination of Faiza trade name and Faiz trade name shows a real likelihood of confusion/deception — please see the above sub-para 101(4).

P(4). Damage

[114] A plaintiff in a passing off action is not required to prove actual loss or damage to the goodwill in its business but is only required to satisfy the court that there is a probability of damage to the goodwill attached to its business — please see Abdul Malik Ishak JCA's judgment in the Court of Appeal case of *Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-layang) v Sykt Zamani Hj Tamin Sdn Bhd & Anor* [2012] 1 MLJ 585 at para 240.

[115] I am satisfied that first plaintiff has proven a probability of damage caused by first defendant's misrepresentation to the first plaintiff's goodwill. This decision is based on the following evidence and reasons:

(1) the majority of the Supreme Court has decided in *Seet Chuan Seng* at p 15, that if the goods in question are in direct competition with one another, the court will readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales and loss of exclusive use of the plaintiff's trade name. In this case, the rice products of first plaintiff and first defendant are in direct competition with each other. Consequently, there is a likelihood of damage caused by first defendant's misrepresentation to first plaintiff's goodwill in the form of:

(a) loss of sales of first plaintiff's rice products; and

(b) loss of first plaintiff exclusive use of Faiza trade name;

(2) there is a probability that first plaintiff's goodwill is damaged by a dilution of Faiza trade name to the detriment of the first plaintiff — please see Abdul Hamid Mohamad J's (as he then was) decision in the High Court in *The Scotch Whisky Association & Anor v Ewein Winery (M) Sdn Bhd* [2012] 1 MLJ 585 at p 303;

(3) it is probable that first plaintiff's goodwill is damaged in the following manner as accepted by Falconer J (as he then was) in the English High

Court case of *Lego Systems A/S v Lego M Lemelstrich* [1983] FSR 155 at pp 190–191:

(a) the first defendant's misrepresentation will restrict or deprive the first plaintiff of its ability to use Faiza trade name to launch new rice products; and

(b) the first defendant's use of Faiz trade name in its business and rice products will prevent the first plaintiff from controlling the reputation to which first plaintiff's goodwill and Faiza trade name are associated; and

(4) the first defendant's misrepresentation is calculated to ride on the first plaintiff's goodwill (please see the above sub-paras 113(1) and (2)). Such a nature of the first defendant's misrepresentation supports a strong probability that there is actual damage to the first plaintiff's goodwill as explained by Lord Parker in *Spalding Brothers* at p 152, as follows:

> ... the misrepresentation so established was, in my opinion, of such a nature as to give rise to a strong probability of actual damage to the appellants in both their retail and wholesale trade. (Emphasis added.)

[116] Additionally, I find as a fact that there is actual damage to first plaintiff's goodwill as follows:

(1) the first plaintiff sponsored a program called 'Assalamualaikum' on TV Al-Hijrah on 16 March 2016 ('TV Al-Hijrah's advertisement'). TV Al-Hijrah's advertisement was supposed to advertise first plaintiff's rice products bearing, among others, Faiza trade name. Initially, TV Al-Hijrah's advertisement showed first plaintiff's rice products bearing, among others, Faiza trade name but subsequently, it showed Faiz logo! The CD containing TV Al-Hijrah's advertisement was played in court during the trial of this case and clearly proved that the advertisers themselves were actually confused between Faiza trade name and Faiz trade name (at minutes 7:47 until 8:29);

(2) the first plaintiff organised a contest called '48 Tahun Setia Bersama Faiza' where contestants were required to enclose proof of their purchase of first plaintiff's rice products in the form of cut-outs of first plaintiff's rice packagings and purchase receipts. There were many contestants who submitted their contest forms enclosing cut-outs of the first defendant's rice packagings and receipts evidencing purchase of first defendant's rice products. The plaintiffs had subpoenaed Puan Farhana, Raja Roudzah and Puan Razaujah to testify that they had submitted their contest forms enclosing cut-outs of the first defendant's rice packagings and receipts evidencing purchase of first defendant's rice products. I have no reason to doubt the credibility of Puan Farhana, Raja Roudzah and Puan Razaujah who are independent witnesses in this case;

(3) Giant Hypermarket brochures wrongly labelled first defendant's rice products as originating from first plaintiff;

(4) Econsave Cash & Carry (ML) Sdn Bhd erroneously faxed its PO dated 10 August 2016 for Faiz rice products to first plaintiff;

(5) 'Giant Stadium Shah Alam' had wrongly displayed first defendant's 'Faiz Himalaya Basmathi Rice' as 'Faiza Himalaya Basmathi Rice'; and

(6) 'The Store Paci fic Batu Pahat' had mistakenly labelled first plaintiff's 'Beras Kashmir Faiza Basmathi' as 'Faiz Kashmir Basmathi Rice'.

[117] Based on the above evidence and reasons, first defendant has passed off its business and rice products as those of first plaintiff:

(1) Lord Diplock's test is fulfilled as follows:

(a) first defendant had misrepresented its business and rice products as those of first plaintiff — please see the above para 113;

(b) first defendant's misrepresentation was made in the course of trade;

(c) first defendant's misrepresentation was made to prospective or ultimate consumers of rice products supplied by first defendant; and

(d) first defendant's misrepresentation was calculated to injure first plaintiff's goodwill in the sense that this was a reasonably foreseeable consequence; and

(e) it is likely that first defendant's misrepresentation had caused actual damage to first plaintiff's goodwill;

(2) Lord Fraser's test is satisfied in the following manner:

(a) first plaintiff's business consists of selling rice products in Malaysia and rice products is a class of goods to which Faiza trade name and first plaintiff's get up apply;

(b) first plaintiff's rice products is a class of goods which is clearly defined in the minds of the Malaysian public and Faiza trade name and first plaintiff's get up distinguish first plaintiff's rice products from other rice products;

(c) because of the reputation of Faiza trade name, there exists first plaintiff's goodwill;

(d) first plaintiff is the owner of first plaintiff's goodwill in Malaysia which is of substantial value; and

(e) first plaintiff has suffered, or is really likely to suffer, substantial damage to first plaintiff's goodwill by reason of the first defendant's

use of Faiz corporate name, Faiz trade name and get up of first defendant's rice products which is likely to deceive and/or confuse consumers/retailers; and

(3) Lord Oliver's test has been fulfilled as follows:

(a) first plaintiff has goodwill and reputation attached to first plaintiff's rice products which the first plaintiff supplies in the mind of the purchasing public by association with Faiza trade name and first plaintiff's get up (which are distinctive of first plaintiff's rice products);

(b) first defendant has misrepresented to the public which leads or is likely to lead the public to believe that first defendant's business and rice products are those of first plaintiff; and

(c) first plaintiff has proven that first plaintiff has suffered or is likely to suffer damage by reason of first defendant's misrepresentation.

[118] Based on the above evidence and reasons, the court is satisfied on a balance of probabilities that the first defendant has committed the tort of passing off its business and rice products as those of first plaintiff ('first defendant's passing off').

P(5). Is the second defendant liable for tort of passing off committed by first defendant?

[119] I find as a fact that the second defendant is personally liable for first defendant's passing off because:

(1) the second defendant is the controller, alter ego and 'directing mind and will' of the first defendant (please see the above para 37); and

(2) in *Lever v Goodwin* (1887) 4 RPC 492 at p 498, Cotton and Lindley LJJ in the English Court of Appeal affirmed Chitty J's (as he then was) decision that a person is liable for the tort of passing off even though the person does not sell a product (which is the subject matter of a tort of passing off) if the person provides the means or facilities to enable the commission of the tort of passing off. I accept *Lever* and find as a fact that the second defendant who had access to Faiza logo and first plaintiff's rice packagings when he was the first plaintiff's GM, had provided the means or facilities to enable the commission of first defendant's passing off. Accordingly, the second defendant should be personally liable as a joint tortfeasor in respect of first defendant's passing off.

A Q. TORT OF UNLAWFUL INTERFERENCE WITH BUSINESS

[120] The tort of unlawful interference with a person's business is first recognised in Malaysia by Zakaria Yatim J (as he then was) in the High Court case of *H & R Johnson (Malaysia) Bhd v H & R Johnson Tiles Ltd & Anor* [1995] MLJU 54; [1995] 2 AMR 1390. In *Megnaway Enterprise* at para 48, the High Court has laid down the following four elements of the tort of unlawful interference with a person's trade:

(1) there is interference by a defendant with a plaintiff's trade or business;

(2) the interference is done by unlawful means;

(3) the defendant has the intention to injure the plaintiff; and

(4) the plaintiff is injured by the interference.

[121] I find as a fact that there is proof on a balance of probabilities that the defendants have committed the tort of unlawful interference with first plaintiff's trade. This decision is based on the following evidence and reasons:

(1) there is interference with the first plaintiff's rice business when:

(a) second defendant affirmed a false SD (exh D52) to claim copyright ownership in first plaintiff's rice packagings;

(b) second defendant's copyright notifications were lodged with controller;

(c) first defendant changed its name from BMSB to its present name and such a change constitutes a tort of passing off; and

(d) first defendant has committed copyright infringement, trademark infringement and tort of passing off for which second defendant is the controller, alter ego and 'directing mind and will' of first defendant ('defendants' interference');

(2) the defendants' interference has been committed by unlawful means;

(3) the defendants have the intention to injure first plaintiff (please see the above sub-paras 113(1) and (2)). In fact, the second defendant has a premeditated intention to injure first plaintiff (please see the above sub-paras 105(a)–(c)); and

(4) the first plaintiff is actually injured by the defendants' interference — please see the above para 116.

[122] There is no evidence to support the counterclaim that the plaintiffs have unlawfully interfered with the first defendant's business.

R. DOMAIN NAMES

[123] Regarding Faiza domain name:

(1) second plaintiff is the first user of Faiza trade name (please see the above para 77);

(2) second plaintiff has allowed first plaintiff to use Faiza trade name (please see the above para 78); and

(3) first defendant's use of Faiz trade name constitutes a:

(a) tort of passing off (please see the above paras 109–119); and

(b) tort of unlawful interference with first plaintiff's business (please see the above para 121).

[124] I reproduce the relevant part of s 52(3)(e) of the SRA as follows:

> 52(3) *When the defendant* invades or *threatens to invade the plaintiff's right to*, or enjoyment of, *property, the court may grant a perpetual injunction in the following cases*, namely:
>
> ...
>
> (e) *where the injunction is necessary to prevent a multiplicity of judicial proceedings*. (Emphasis added.)

[125] The first defendant had applied to the registrar to register Faiz domain names as trademarks. Based on the evidence and reasons explained in the above para 123, any use of Faiz domain names by first defendant will amount to a tort of passing off and a tort of unlawful interference with first plaintiff's business (for which first plaintiff is entitled to commence a new suit against defendants). In *Portcullis Trustnet (Singapore) Pte Ltd* at sub-para 129(3), I issued a perpetual mandatory injunction to compel the defendants to cancel the registration of a domain name which was the subject matter of a tort of passing off.

[126] To 'prevent a multiplicity of judicial proceedings' within the meaning of s 52(3)(e) of the SRA and to ensure finality in litigation between all the parties in this case, I exercise my discretion under s 52(3)(e) of the SRA to order a perpetual *quia timet* injunction to restrain defendants from using Faiz domain names — please see *Portcullis Trustnet (Singapore) Pte Ltd* at paras 118–120.

S. WHETHER THE COURT SHOULD ORDER THE FIRST DEFENDANT TO CHANGE ITS NAME

[127] When I delivered my oral judgment on 12 April 2017, Ms Kuek applied orally for a perpetual mandatory injunction to compel first defendant to change its name so as not to ride on the first plaintiff's goodwill in respect of Faiza trade name ('Ms Kuek's application'). The defendants had objected strenuously to Ms Kuek's application on the ground that such a remedy had not been pleaded in the amended statement of claim in the first suit and statement of claim in the second suit ('two SOC's').

[128] Firstly, the two SOC's have prayed for 'further and/or other relief' as the court deems fit and proper ('general prayer for relief'). The following appellate cases have decided that the court may grant any remedy in the interest of justice pursuant to a general prayer for relief:

(1) Salleh Abas FJ's (as he then was) judgment in the Federal Court case of *Lim Eng Kay v Jaafar bin Mohamed Said* [1982] 2 MLJ 156 at p 159; [1982] CLJ Rep 190 at p 198;

(2) the Court of Appeal's decision delivered by Gopal Sri Ram JCA (as he then was) in *Tan Tek Seng @ Tan Chee Meng v Suruhanjaya Perkhidmatan Pendidikan & Anor* [1996] 1 MLJ 261 at pp 300–301; [1996] 2 CLJ 771 at pp 814–815;

(3) the majority judgment in the Court of Appeal given by Zainun Ali JCA (as she then was) in *Pentadbir Tanah Daerah, Pontian & Ors v Ossons Ventures Sdn Bhd* [2009] 6 MLJ 182 at pp 190–191; [2009] 6 CLJ 713 at pp 723–724; and

(4) Abdul Aziz Abd Rahim JCA's judgment in the Court of Appeal case of *Zulkiflee bin SM Anwar Ulhaque & Anor v Arikrishna Apparau & Ors* [2014] 3 MLJ 553 at para 64.

[129] Secondly, when the court considers an equitable remedy such as an injunction, the court may mould the equitable relief to achieve justice in a particular case — please see Gopal Sri Ram JCA's (as he then was) judgment in the Court of Appeal case of *Sinar Wang Sdn Bhd v Ng Kee Seng* [2005] 2 MLJ 42 at para 31. It is therefore clear that the court is not barred from granting a particular equitable remedy due to a party's failure to pray expressly for such a remedy.

[130] The court gave time for Mr Michael Soo to reply to Ms Kuek's application. In opposing Ms Kuek's application, Mr Michael Soo had filed a written submission and had submitted orally before me. I decide as follows:

(1) once the court has decided that a defendant's corporate name has passed

off as the plaintiff's business, the court may grant a perpetual mandatory injunction to compel the defendant to change its name so as restrain the defendant from exploiting the plaintiff's goodwill. This is clear from s 53 of the SRA and the following cases:

(a) Mohd Azmi J's (as he then was) judgment in the High Court case of *Mun Loong Co Sdn Bhd v Chai Tuck Kin* [1982] 1 MLJ 356 at p 357. This judgment has been approved by Gopal JCA in the Court of Appeal case of *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* [2009] 3 MLJ 774 at para 8;

(b) the decision of RK Nathan JC (as he then was) in the High Court in *Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd* [1996] MLJU 575 at p 51; [1996] 2 BLJ 519 at p 541; and

(c) *Portcullis Trustnet (Singapore) Pte Ltd*, at sub-para 129(2); and

(2) this court exercises its discretion under s 53 of the SRA to grant a perpetual mandatory injunction to compel the first defendant to change its Faiz name so as to prevent the continuation of the tort of passing off and the tort of unlawful interference with first plaintiff's business by the first defendant. It is to be emphasized that the first defendant has previously changed its name to its present name on 2 January 2014. In other words, the first defendant has not used Faiz name for a long period of time.

T. WHETHER CERTAIN OF THE FIRST DEFENDANT'S MARKS ARE FALSE TRADE DESCRIPTIONS

[131] The plaintiffs had applied for this court to declare Mughal mark, Faiz Emas mark, Faiz mark, Faiz Rice For Health mark and Faiz logo ('first defendants' five marks') to be false trade descriptions under s 9(1) of the TDA ('plaintiffs' application for TDO').

[132] Mr Michael Soo opposed the plaintiffs' application for TDO on the ground that a TDO is a draconian order which is penal in nature. Since this is a civil case, the court should not grant a TDO. Reliance has been placed on, among others, my decision in *Ooi Siew Bee & Ors v Zhu Ge Kong Ming Sdn Bhd & Anor* [2016] MLJU 1288; [2017] 2 AMR 161.

[133] Sections 8 and 9 of the TDA provide as follows:

s 8 *Prohibition of false trade description in relation to trade mark*

(1) *Notwithstanding sections 5 and 6, a trade description shall include an indication, whether direct or indirect, and by any means given, in respect of any goods or parts of goods relating to any rights in respect of trade mark*

registered under the Trade marks Act 1976.

(2) Any person who —

(a) applies a false trade description to any goods as if the goods were subject to any rights relating to registered trade mark;

(b) supplies or offers to supply any goods to which a false trade description is applied as if the goods were subject to any rights relating to registered trade mark; or

(c) exposes for supply or has in his possession, custody or control for supply any goods to which a false trade description is applied,

commits an offence and shall, on conviction, be liable —

(A) if that person is a body corporate, to a fine not exceeding fifteen thousand ringgit for each goods bearing the false trade description, and for a second or subsequent offence, to a fine not exceeding thirty thousand ringgit for each goods bearing the false trade description; or

(B) if that person is not a body corporate, to a fine not exceeding ten thousand ringgit for each goods bearing the false trade description or to imprisonment for a term not exceeding three years or to both, and for a second or subsequent offence, to a fine not exceeding twenty thousand ringgit for each goods bearing the false trade description, or to imprisonment for a term not exceeding five years or to both.

(3) *Any person who applies, supplies or offers to supply, exposes for supply or has in his possession, custody or control for supply any goods bearing an identical mark with the registered trade mark without the consent of the registered owner of the trade mark is deemed to apply, supply or offer to supply goods bearing false trade description unless the contrary is proved.*

s 9 *Trade description order*

(1) *Where any person being a registered owner of a registered trade mark under the Trade marks Act 1976 claim that his rights in respect of such trade mark are being infringed in the course of trade, by any other mark or get up used by any other person, which is not identical with his registered trade mark but can be passed off as his registered trade mark, he may apply to the High Court to declare that the infringing mark is a false trade description for the purpose of section 8.*

(2) *For the purpose of subsection (1), the person referred to in subsection (1) in making the application shall identify specifically the infringing trade or other mark or get up and the High Court may, on the application of such person, make an order declaring that the infringing trade or other mark or get up is for the purposes of this Act, a false trade description in its application to such goods as may be specified in the order.*

(3) *An order of the High Court made under this section may be referred to as a trade description order.*

(4) *A subsisting trade description order made by any High Court in Malaysia shall*

be admissible in evidence in any proceedings under section 8in which it is relevant as conclusive proof of a false trade description.

(5) A trade description order shall expire at the end of one year from the date on which it is made unless it is renewed by the High Court upon such terms and for such further period as the High Court may decide on the application of the person referred to in subsection (1) or his successor-in-title.

(6) Any person who obtains a trade description order under this section shall register the trade description order with the Registrar. (Emphasis added.)

[134] Firstly, *Ooi Siew Bee* concerns an application to expunge registered trademarks from the Register. There was no application for a TDO under s 9(1) of the TDA in *Ooi Siew Bee*. Accordingly, the defendants cannot rely on *Ooi Siew Bee* to oppose the plaintiffs' application for TDO.

[135] I am of the view that the High Court may grant a TDO pursuant to s 9 of the TDA if the following four conditions are met:

(1) the applicant ('X') is the owner of a registered trademark;

(2) X's rights in respect of the registered trademark have been infringed in the course of trade by a mark or get up used by another person ('Y');

(3) Y's mark or get up can pass off as the registered trademark; and

(4) X shall identify specifically Y's mark or get up (please see s 9(2) of the TDA).

I rely on Varghese George JCA's judgment in the Court of Appeal case of *Tan Kim Hock Product Centre Sdn Bhd & Anor v Tan Kim Hock Tong Seng Food Industry Sdn Bhd* [2017] 1 MLJ 730 at paras 17–18, 38 and 41–42, as follows:

> [17] At the outset it pertinent to note that *the TDOs issued by the learned judge was wholly in compliance with the requirements of s 9 of the TDA. They were issued on the application of the owner of a registered trademark and did specifically set out and describe the registered trademark as found in the relevant Certificate of Registration of trademark. The TDOs were therefore strictly in conformance with that section. The subject of the TDOs was clearly limited to and directed at the unauthorised use of that specific registered trademark*.
>
> [18] ... *The purpose of such order was to have it declared by the court, on evidence shown, that the trademark rights of the registered owner, or such interested person, had been infringed by imitation or that counterfeits goods have been found in the market. It was also to assist and move the relevant machinery in the area of criminal law to counter such infringements, (see In-Comix Food Industries) and further to prevent the public from being confused or misled by products or goods bearing a false trade description*.
>
> ...

A [38] ... *it must be emphasised that the focus of the court in deciding whether or not to grant a trade description order pursuant to s 9 of the TDA was on a registered trademark, and whether its infringement has been established in court by the registered proprietor of that mark.*

B ...

[41] ... *We have already expressed our views as to the tenor and purport of s 9 of the TDA and the nature of the trade description order that might be granted by the court upon the application of the proprietor of a registered trademark. We found nothing in that section that required the applicant to resort to any other measure or pre-requisite proceeding before seeking the order thereunder. It was also not reasonable to impose such a condition or make the proprietor of a registered trademark wait, once it was established on evidence that there were counterfeits or products with false trade description or marks in the market, threatening the trademark owner's commercial interests. It was also in the interest of the general public that a trade description order should be issued expeditiously in such circumstances.*

D

[42] ... *The law gave recognition to the rights of a proprietor of a registered trademark to swiftly obtain assistance from the court.* (Emphasis added.)

[136] In this case, the four conditions of s 9 of the TDA have been strictly complied by the plaintiffs, namely:

E

(1) the plaintiffs are the owners of Moghul TM, Faiza Emas TM, Faiza TM, Faiza Rice For Life TM and Faiza logo TM ('five registered trademarks');

F

(2) the plaintiffs's rights in respect of the five registered trademarks have been infringed in the course of trade by a mark or get up used by first defendants' five marks;

(3) first defendants' five marks can pass off as five registered trademarks; and

G

(4) the plaintiffs had identified specifically first defendants' five marks.

In the circumstances, the plaintiffs' application for TDO is allowed.

U. DAMAGES

H

[137] Based on the above evidence and reasons, I find both defendants jointly and severally liable to first plaintiff for the following four causes of action ('four causes of action'):

I

(1) copyright infringement;

(2) trademark infringement;

(3) tort of passing off; and

(4) tort of unlawful interference with first plaintiff's business.

[138] After the court's oral judgment in this case, Ms Kuek had sought instructions from the plaintiffs on whether the plaintiffs would elect for an assessment of damages or an account of profits. Ms Kuek subsequently informed the court that plaintiffs had elected to assess all their loss suffered in this case.

[139] The plaintiffs are entitled to the following kinds of damages for the four causes of action:

(1) compensatory damages;

(2) statutory damages pursuant to s 37(1)(d) and (8) of the CA ('statutory damages');

(3) additional damages under s 37(7) of the CA ('additional damages');

(4) I award exemplary damages because the defendants' conduct in this matter had been calculated by them to make a profit for first defendant which might exceed any compensation payable by first defendant to first plaintiff — please see Lord Devlin's judgment in the House of Lords case of *Rookes v Barnard* [1964] 1 All ER 367 at pp 410–411. I refer to the defendants' conduct as elaborated in the above sub-paras 105(a)–(c), 113(1) and (2); and

(5) aggravated damages are ordered in this case because there is malice and bad faith on the part of defendants as explained in the above sub-paras 105(a)–(c), 113(1) and (2).

[140] In this judgment, I will refer to statutory damages, additional damages, exemplary damages and aggravated damages collectively as 'non-compensatory damages'.

U(1). Should JC assess damages?

[141] When the court awards compensatory damages and non-compensatory damages, there is a risk of injustice in the following manner:

(1) there may be an unjustifiable windfall for first plaintiff (overcompensation); and

(2) defendants may be financially ruined in an unjust manner ('two considerations')

— please see *Motordata Research Consortium* at sub-para 75(2).

[142] In view of the two considerations, in the interest of justice, I decide to assess myself the amount of compensatory damages and non-compensatory

damages to be paid by defendants to first plaintiff regarding the four causes of action ('assessment'). This decision is supported by the following cases:

(1) in *Yapp Pow Khin & Anor v Hjh Jamilah bt Udin* [2012] 2 MLJ 234 at pp 236–237, Davies JA decided in the Brunei Court of Appeal that assessment of damages should not be conducted by the court registrar as a 'general practice'; and

(2) in *K Ratnasingam v Kow Ah Dek & Anor* [1983] 2 MLJ 297 at p 298, the Privy Council (in an opinion delivered by Lord Scarman) allowed an appeal against the Federal Court's decision and assessed damages itself.

The above decision has the following advantages:

(a) unlike the trial judge, the court registrar has no first hand knowledge of the case in question. As such, any assessment conducted by the court registrar may not be expeditiously conducted (as compared to an assessment done by the trial judge who is conversant with the facts of the case). Furthermore, it may not be appropriate for the court registrar to conduct assessment of damages in complicated cases, such as this matter; and

(b) if the assessment is conducted by the court registrar, parties have the right to appeal to the learned judge/JC against the court registrar's assessment under O 56 r 1(1) of the RC. This will further delay the final disposal of the assessment and increase legal costs.

[143] I have not overlooked Mr Michael Soo's submission that the court registrar should conduct the assessment pursuant to O 37 r 1(1) of the RC. The opening words in O 37 r 1(1) of the RC are clear that the court registrar may conduct the assessment if there is 'no provision in the judgment' as to how damages are assessed. In this case, I have expressly ordered the assessment to be conducted by myself.

V. COURT'S DECISION

[144] Based on the above evidence and reasons, the plaintiffs' claims are allowed and the counterclaim is dismissed with costs to the plaintiffs.

[145] A summary of the above judgment is as follows:

(1) the first defendant's corporate veil is pierced to reveal the second defendant as its controller, alter ego and 'directing mind and will';

(2) there is no basis for the defendant's shares and monetary claims;

(3) the second defendant had been employed as the first plaintiff's GM;

(4) the second plaintiff was the sole founder of the first plaintiff;

(5) copyright subsists in typographical arrangements under s 9(1), (2) and (3) of the CA;

(6) the alleged oral agreement did not exist;

(7) copyright in a work created by an employee in the course of employment is not subject to a contract between the employee and a person who is not the employer under s 26(2)(b) of the CA;

(8) the original works and amended works were created by the four co-authors in the course of their employment with first plaintiff. Accordingly, the first plaintiff is the copyright owner of the original works and amended works under 26(2)(b) of the CA;

(9) the first plaintiff created Faiza logo and is the owner of copyright subsisting in Faiza logo under s 26(1) of the CA;

(10) the second defendant's copyright notifications and the controller's certifications do not confer copyright ownership on the second defendant under ss 26A and 26B of the CA;

(11) in altered copying cases, the court may apply *Laddie*'s test to decide whether the third element (first limb) has been satisfied or not;

(12) the first defendant's rice packagings have infringed the first plaintiff's copyright in the works under s 13(1)(a), (aa) and (e) of the CA read with the first limb;

(13) the court grants a perpetual mandatory injunction under s 37(1)(a) and (e) of the CA read with s 53 of the SRA to compel second defendant to withdraw second defendant's copyright notifications;

(14) the second plaintiff is the creator and first user of Faiza mark while the first plaintiff is the first user of plaintiffs' registered trademarks. Accordingly, the plaintiffs are the common law proprietors of plaintiffs' registered trademarks under s 25(1) of the TMA and are entitled to register them;

(15) the second defendant has no copyright which has been infringed by plaintiffs. As such, the defendants cannot apply to court under s 45(1)(a) read with s 14(1)(a) and/or (b) of the TMA to expunge plaintiffs' registered trademarks from the register;

(16) the use of first defendant's marks has infringed plaintiffs' registered trademarks under s 38(1)(a) of the TMA;

(17) the defendants cannot rely on equitable estoppel as a defence against a trademark infringement suit under s 38(1)(a) of the TMA because such a defence is not provided in s 40(1)(a)–(1)(f) and (2) of the TMA. In any event, the defendants are disentitled by their own inequitable conduct from invoking equitable estoppel in this case;

(18) a perpetual mandatory injunction is granted under s 53 of the SRA to compel defendants to withdraw defendants' trademark applications from the registrar;

(19) the first defendant has committed the tort of passing off its business and rice products as those of first plaintiff;

(20) the defendants have committed the tort of unlawful interference with the first plaintiff's business;

(21) the second defendant is personally liable for the first defendant's copyright infringement, trademark infringement and tort of passing off;

(22) any use of Faiz domain names by defendants will amount to a tort of passing off and a tort of unlawful interference with first plaintiff's business. Accordingly, a perpetual quia timet injunction is granted under s 52(3)(e) of the SRA to restrain defendants from using Faiz domain names;

(23) a perpetual mandatory injunction is granted under under s 53 of the SRA to compel first defendant to change its 'Faiz' name so as to prevent the continuation of the tort of passing off and the tort of unlawful interference with first plaintiff's business;

(24) as the plaintiffs have complied with the four conditions of s 9 of the TDA, the plaintiffs' application for TDO is allowed; and

(25) to avoid overcompensating plaintiffs and to ensure defendants are not financially ruined in an unjust manner, the JC will conduct the assessment.

[146] After the terms of the judgment ('judgment') had been settled, Mr Michael Soo applied to stay the execution of the judgment pending the disposal of the defendants' appeal to the Court of Appeal against the judgment ('defendants' appeal'). I exercised my discretion under s 73 of the Courts of Judicature Act 1964 read with r 13 of the Rules of Court of Appeal 1994 to stay all the terms of the judgment (except for costs and the assessment) pending the disposal of the defendants' appeal ('stay order'). This is because if the stay order is not granted and if the defendants' appeal is subsequently allowed by the Court of Appeal:

(1) the defendants will suffer irreparable harm by the execution of the perpetual mandatory injunctions granted in the judgment; and

(2) the status quo ante (the defendants' position before the enforcement of the judgment) cannot be restored.

There are therefore special circumstances to justify the stay order as laid down by the Federal Court in *Kosma Palm Oil Mill Sdn Bhd & Ors v Koperasi*

Serbausaha Makmur Bhd [2004] 1 MLJ 257; [2003] 4 CLJ 1.

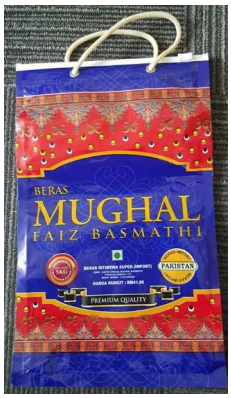
[147] This judgment illustrates the importance for a person who affirms an affidavit or SD to ensure the truth and accuracy of its contents.

[148] I end this judgment with my gratitude to Ms Kuek and Mr Michael Soo for their able assistance in this case.

ANNEXURE A

THE FIRST PLAINTIFF'S MARK	THE SECOND DEFENDANT'S MARK
TM No 201500735 7	TM Application Nos 2015002095 and 2015002096
faiza Terjamin Suci dan Berkualiti	faiz

ANNEXURE B1

THE FIRST PLAINTIFF'S RICE PACKAGING	THE FIRST DEFENDANT'S RICE PACKAGING
	

ANNEXURE B2

THE FIRST PLAINTIFF'S RICE PACKAGING	THE FIRST DEFENDANT'S RICE PACKAGING

ANNEXURE C1

THE FIRST PLAINTIFF'S RICE PACKAGING	THE FIRST DEFENDANT'S RICE PACKAGING

ANNEXURE C2

THE FIRST PLAINTIFF'S RICE PACKAGING	THE FIRST DEFENDANT'S RICE PACKAGING

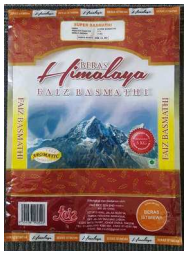
ANNEXURE C3

THE FIRST PLAINTIFF'S RICE PACKAGING	THE FIRST DEFENDANT'S RICE PACKAGING

ANNEXURE C4

THE FIRST PLAINTIFF'S RICE PACKAGING	THE FIRST DEFENDANT'S RICE PACKAGING

ANNEXURE D1

THE FIRST PLAINTIFF'S RICE PACKAGING	THE FIRST DEFENDANT'S RICE PACKAGING
	

ANNEXURE D2

THE FIRST PLAINTIFF'S RICE PACKAGING	THE FIRST DEFENDANT'S RICE PACKAGING

ANNEXURE E1

THE FIRST PLAINTIFF'S RICE PACKAGING	THE FIRST DEFENDANT'S RICE PACKAGING

ANNEXURE E2

THE FIRST PLAINTIFF'S RICE PACKAGING	THE FIRST DEFENDANT'S RICE PACKAGING

ANNEXURE F

THE FIRST PLAINTIFF'S MARK	THE FIRST DEFENDANT'S MARK
TM No 02000085	TM Application No 2015007539

THE FIRST PLAINTIFF'S MARK	THE FIRST DEFENDANT'S MARK
MOGHUL FAIZA BASMATHI	MUGHAL

ANNEXURE G

THE SECOND PLAINTIFF'S MARK	THE FIRST DEFENDANT'S MARK
TM No 201301500 1 MUGHAL FAIZ BASMATHI	FAIZA EMAS

ANNEXURE H

THE FIRST PLAINTIFF'S MARK	THE FIRST DEFENDANT'S MARK
TM No 2010009744 FAIZ EMAS	FAIZA

ANNEXURE I

THE SECOND PLAINTIFF'S MARK	THE FIRST DEFENDANT'S MARK
TM No 2013014998 FAIZA RICE FOR LIFE	TM Application No 2015010806 FAIZ RICE FOR HEALTH

Claims allowed, counterclaim dismissed with costs.

Reported by Afiq Mohamad Noor